



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THESIS

Automobile Assigned Risk Plans

by

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INTRODUCTION

Assigned risk plans occupy an important place in the field of automobile insurance. Although the oldest of these plans dates back only eleven years much has been done in equipping them to meet their ever-increasing need for insurers as well as for insureds. The Insurance Industry took it upon itself to initiate this means of providing automobile insurance to those who are entitled to it but unable to secure it for themselves, and the chief motivation for such an undertaking was that of self-protection, or, more specifically, fear of the damage which would result if the government were forced to provide a means of accomplishing this purpose. If this purpose is to be achieved and these fears to be eliminated, it is essential that the remedy proposed be made as effective as possible. These assigned risk plans have proven themselves to be an effective remedy, but, as in the case of many good things, their abuse can bring about their destruction. Much of this abuse can be anticipated and provided for. Some can be eliminated only by counteractive measures taken after the abuse is realized, and even more can be done away with if those who are directly, or even indirectly, affected by these assigned risk plans completely understand the purpose, the provisions, and the limitations of the plan or plans affecting them. The material presented

here is intended to help in eliminating this third source of abuse.

The purpose of this thesis, then, is to present a picture of the automobile assigned risk plans in effect today in order to aid in bringing about a greater understanding and appreciation of them. A secondary purpose is to bring the provisions and variations of the several plans together so that they will be more readily available to those who have need for such information.

Since the automobile assigned risk plan is relatively new, and since it affects only one field of insurance, very little information is available on the subject. The principal material for this paper was derived from copies of the assigned risk plans themselves, supplemented by some of the few articles on this phase of insurance found in insurance periodicals. The experience and loss ratios under the several plans should serve as a valuable means of comparison and an indication of the results, but here too the information available is inadequate. The figures collected in September, 1948, comprise the experiences of only sixteen states, and that was for the year of 1946. The majority of the present plans⁽¹⁾ were not effective until 1948, and their experience figures will not be

(1) The term "present plans" refers to latest revision of an earlier plan, or recent adoption of a different type plan than that formerly used.

forthcoming for some time. In the absence of such data for purposes of comparison, stress will be given to the variations in the provisions of the different plans.

The automobile assigned risk plan came about as a result of the Financial Responsibility Laws enacted by the several states. These laws require a car owner to show evidence of his ability to meet any financial obligation required of him by law and arising out of the use of his automobile. An automobile liability insurance policy is the most practical, and in some instances the only way for a car owner to satisfy this requirement, and a method had to be devised which would assure everyone who was entitled to such insurance an opportunity to obtain it.

As more states enacted Financial Responsibility Laws, more states adopted automobile assigned risk plans, and there are forty-one such plans in effect today. With the increase in the number of plans, the need for a greater degree of uniformity among them was recognized. A new type of plan was recently introduced as the result of this desire for uniformity, and this new uniform plan was generally, but not wholly, accepted as an improvement over existing plans. It was hoped that the new plan would be accepted by the states in its entirety and thus bring about beneficial results, but it was not.

Along with a discussion of the origin, development and provisions of the automobile assigned risk plans, this

thesis and the conclusions which follow will show the degree of uniformity that has been attained, and the effects, if any, of the variations.

CHAPTER I

Origin and Development of Automobile Assigned Risk Plans.

In order to more fully understand the automobile assigned risk plans, and to more readily appreciate their need and purpose, a knowledge of their origin and development is necessary. This chapter is intended to satisfy only the minimum requirements necessary to bring the development of the plans up-to-date.

The Need for Legislation. - In the early days of the automobile only the rich could afford them. Although there was damage done by the vehicles, both to persons and to property, the judgements awarded were paid in the majority of cases. The courts and juries adopted a "soak-the-rich" policy, and everyone, except the car-owners and their insurance carriers, was satisfied. When automobiles became more available to those with limited means, however, claimants found that they could not collect their judgements, and pressure was brought to bear upon the legislative bodies of the states to provide a means of affording them relief. The result of such pressure manifested itself in legislative action. Laws were passed by the states designed to encourage every car owner or operator to be financially able to meet any obligation imposed upon him by law arising out of the ownership, maintenance or use of his automobile.

Compulsory Automobile Insurance. - The Commonwealth of Massachusetts was the first to respond to the protests of its citizens. On January 1, 1927, the Massachusetts Compulsory Automobile Liability Security Act⁽¹⁾ was made effective. The Act provided, in essence, that every motor vehicle registered in the Commonwealth secure the basic limits (\$5,000/10,000) bodily injury liability insurance. There is little question as to the reasons for, and the purpose of, such compulsory legislation, i.e., to assure the rights of an injured third party in collecting damages due him, but the ill-effects, in many ways, tend to overshadow these meritorious intentions. In the first place, there is no provision in such a law for the prevention of accidents, and, in fact, it has been found the claim frequency of smaller losses has had an unprecedented increase in Massachusetts. All residents of the state know that all vehicles must carry insurance, and persons will, therefore, pursue many minor claims which they would not otherwise bother about. Insurance must be provided for those whose driving records or other characteristics might indicate that they are not wholly qualified to drive without imposing an undue hazard on the highways. These and other similar factors reflect themselves in higher rates for the citizens of the Commonwealth, and the Insurance Commissioner is, in turn, faced with the problem of determining the rates which

(1) Chapter 346 of the Acts of 1925 of the Commonwealth of Massachusetts.

will be most equitable and acceptable to both the insurers and the insureds, a problem which has rarely, if ever, been solved.

The principal objection of the insurance companies to compulsory insurance is based on the ways in which such legislation interferes with the operation of their business. Such interference operates particularly in these directions:(1)

1. The compulsory system limits a company's underwriting practices by impairing its selection of insureds.

2. Massachusetts premiums were inadequate and all companies, both stock and non-stock, had an average loss of seven percent during the years 1927 to 1929. It was due primarily to this reason that many companies withdrew from writing any automobile business whatsoever in Massachusetts, a situation which left even a greater portion of the undesirable risks upon the remaining companies.

3. Agents found that the maximum acquisition cost allowance was cut from 25 to 10 percent with a 2 percent allowance for field supervision. The companies and agents did not feel that they had received enough additional commissions in volume to offset the lower average premium per car and the additional work required.

Massachusetts was not only the first but she was also the only state to pass legislation of a compulsory nature

(1) C. A. Kulp, Casualty Insurance, Revised Edition, (The Ronald Press Co., New York, N. Y.) pp. 203-206.

to take care of her motor vehicle accident problem. The principal reason for similar legislation not being passed by other states is the so-called Financial Responsibility Law.

Financial Responsibility Laws. - From the beginning insurance companies actually fostered and supported the adoption by the states of financial responsibility laws as an alternative to what is regarded as much worse - 100 percent compulsory insurance. These laws accomplish many of the same benefits realized in compulsory insurance, but the impositions placed upon the insurance companies are fewer.

Connecticut, in December, 1928, was the first state to enact a type of financial responsibility law. Other states followed her example with the result that today there are only seven states, and one Canadian Province, which do not have in force some kind of financial responsibility law for their motorists, and most of these states are expected to take similar action in the near future.(1) Although the many laws vary in some respects, the common objectives of all of them are broadly two;(2) first, to aid in accident prevention by penalizing the bad driver in one way or another, and "to require insurance of car owners and drivers,

(1) Arkansas, Louisiana, Mississippi, Nevada, Oklahoma, South Carolina, Texas, and the Canadian Province of Quebec do not have Financial Responsibility Laws.

(2) C. A. Kulp, op. cit., pp. 210-211.

and thus gradually to increase the proportion of recoveries for automobile injuries, only as owners or drivers prove their driving or financial unreliability." These laws, in general, require that persons convicted of various specified offenses, such as reckless driving, driving while drunk, hit-and running, etc., lose their right to drive until they furnish evidence of their financial responsibility. Such evidence, in practically all states having such laws, is satisfied in one of three ways:

1. an automobile liability insurance policy which has minimum requirements of \$5,000/10,000 limits for bodily injury and \$1,000 property damage;
2. a bond from an authorized surety company, usually for the amount of \$11,000; or
3. a cash deposit left with the state - usually for \$11,000.

Also, persons with judgements against them for automobile accidents involving personal injuries or property damage, under most of the laws, cannot drive or register their automobiles until they have satisfied those judgements.

It cannot be expected that these many financial responsibility laws would lend themselves to any great degree of uniformity. However, there are three distinct types of such laws in effect today:(1)

(1) Casualty and Surety Volume, The Fire, Casualty and Surety Bulletins, (F. C. & S. Bulletins, Cincinnati, Ohio) 31st Printing, October 1947, pp. Fr1-1, Fr1-2.

1. There are some laws which prohibit a person from operating or registering an automobile as long as he has an unsatisfied automobile judgement against him. Under this type of law, it necessarily follows that the prohibitions apply to only those persons who are found to be at fault in the accident.

2. There are those laws which relate to future accidents only, and make no provision for the satisfaction of the first claim.

3. "Most severe laws - any motorist involved 'in any manner' in an accident causing personal injury or property damage of more than a stipulated minimum (usually \$25 or \$50) shall have his driver's license and the registration of his automobile suspended at once unless he can prove that he is able to pay any judgement resulting from that accident, and in Colorado, Kentucky, Maine, Michigan, New Hampshire, New York, Virginia and Wyoming he must also provide security for future accidents." Under this type of law there is no question as to which driver was at fault in an accident. Any person involved is subject to the provisions of the law.

All three of these types of laws apply to non-residents as well as to residents and many states have reciprocity agreements to facilitate the enforcement of non-resident violations.

The "strict" type of plan was the most radical

departure from the typical financial responsibility laws when it was first adopted by New Hampshire in 1938. New York followed in 1941, and since that time there has been an increasing tendency by other states toward this severe type patterned after the laws of New Hampshire and New York.

These financial responsibility laws not only encourage drivers to seek insurance, as it is the most practical way to satisfy the requirements, but they also place additional burdens upon the insurance carriers and their underwriting practices. One provision of these laws that is particularly significant in this respect, is that of rendering the insurance carrier absolutely liable for the payment of claims under the policy. In other words, if the insured has acted in such a manner so as to invalidate a condition of the policy, or to permit the company to deny liability under the terms stated, the company, under the financial responsibility laws, is required to pay for any damages done to a third party up to the limits of the policy. The assured agrees to reimburse the company for any such payment, and a clause to that effect is written in the policy. This principle of a carrier's absolute liability has been upheld by the courts.(1)

(1) The New Jersey Court was the first to uphold this principle. See United States Casualty Co. vs. Timmerman, 180 Atl. 629.

Effects of Financial Responsibility Laws. - The effects of the compulsory insurance law have been discussed briefly, and it was due to such ill-effects that insurance companies supported the passage of the financial responsibility laws. However, these laws afforded new problems which had to be solved. The purpose behind both types of laws was to render a car-owner financially able to meet his liability. While the compulsory law provided a means by which he could do this, the financial responsibility laws, in the final analysis, left this obligation in the laps of the insurance companies.

Drivers faced the problem of securing adequate insurance to meet the requirements of the law, and many of them found it difficult and sometimes impossible to find a company which would insure them. Some could not get insurance because of their age, physical handicaps, occupation, etc., and others were refused because of the age or condition of their automobiles. Many persons fell within the prohibited risk category of a company's underwriting requirements.

As an indication of just what type of risks are frowned upon by automobile insurance underwriters, the following is a prohibited list of one of the larger mutual casualty insurance companies:

Actors and Actresses	Garbage Haulers
Ambulances	Gasoline Transports
Apartment House Busses	(Tractors and semi-trailers)
Auto Glides	Junk Dealers
Automobile Driving Schools	Livestock Haulers
Billiard Hall Operators	Milk Haulers
and Employees	Motorcycles
Bowling Alley Operators	Open Air Parking Stations
and Employees	Orchestra Players
Buses	Pawnshop Operators and
Butane Dealers	Employees
Carnivals	Poultry Dealers (more
Cattle Haulers and Dealers	than fifty miles)
Chauffeur-Salesmen on	Propane Dealers
commission basis	Public Livery
Circuses	Rag Dealers
Commercial Automobiles	Saloon Operators and
Rented to Others	Employees
Dance Hall Operators and	Salvage Corps
Employees	Tavern (other than res-
Deductible Bodily Injury	taurants) Operators and
Detective and Patrol Agencies	Employees
Drive-Aways and Haulaways	Taxicabs
Drive-Yourself, Driverless	Trailers and Semi-trailers
and U-Drive Cars	used to carry persons
Explosives - hauling	Truckmen (more than fifty
Film Delivery	mile radius)
Fire and Police Department	
Automobiles	

It should not be assumed that all of the risks classified above cannot obtain insurance. Nor that the companies having such Prohibited Lists refuse to write any of these risks which, by their experience as a class, have proven themselves abnormally hazardous and unprofitable. Such lists merely indicate the type of business the insurance companies do not wish to solicit and to which a greater degree of underwriting scrutiny must be given. Because of the caution taken in dealing with these classes it can be assumed that many persons, otherwise entitled to insurance, find it difficult to secure because they fall

within the scope of such a Prohibited List.

The insurance companies, on the other hand, were in business in order to realize a profit, and they governed themselves and their underwriting policies accordingly. When certain classes of risks proved themselves unprofitable, the companies clamped down on them with restrictions and by refusing to write them all together.

With the enactment of financial responsibility laws, however, the companies were faced with the problem of providing insurance for all types of risks, both good and bad, or suffer the consequences. These consequences, along with the loss of valuable goodwill, would probably include a demand for the repeal of the laws and for some form of compulsory insurance, or the establishment of some means, possibly even by the states, so that automobile owners who were licensed and who desired insurance would be taken care of.(1) "To the extent that drivers are barred from the road they create centers of political criticism and upheaval. Their number may be numerically small but they are nevertheless politically important."(2) The companies feared government intervention in this problem. They knew what ill-effects they could expect from a compulsory insurance program because of the experience

(1) A. E. Spottke, "Adequate Classification Needed," The National Underwriter (Automobile and Aviation Number), April 19, 1946, p.1.

(2) C. A. Kulp, op. cit., p. 214

in Massachusetts, and they felt that if the states should set up funds or adopt similar measures, the public would lose its confidence in the insurance industry's ability, and if and when the states began to expand into other phases of the business, they could expect little or no support from the public.

This was the problem and the automobile assigned risk plan was offered as the solution.

Definition. - Perhaps the automobile assigned risk plan is best defined by the introductory statement found in most copies of the various individual plans distributed by the National Bureau of Casualty Underwriters: "This plan is a voluntary agreement for granting automobile bodily injury and property damage liability insurance to risks unable to secure it for themselves." The use of the term "voluntary agreement" is indicative of how the plan came into being - by the voluntary initiative of all of the insurance companies writing automobile liability insurance.

Some people have mistakenly referred to these plans as pools. Forms of assigned risk plans used in other types of insurance utilize a method of pooling the premiums and losses so as to more equitably distribute them among all of the companies participating in the plan, but the automobile assigned risk plans bear no similarity to such pools. "They simply provide an equitable distribution

of eligible assigned risks among all companies, both stock and non-stock, authorized to write automobile bodily injury liability insurance in the respective state. The company so designated issues its own policy and assumes the entire coverage of the eligible risk assigned to it. The experience is not pooled."(1)

The term "assigned risk pool" is used rather freely with reference to the group of risks subject to assignment by an Assigned Risk Bureau or Plan Manager, and this term is sometimes misleading.

Adoption of the Assigned Risk Plan. - The first automobile assigned risk plan was put into effect in New Hampshire, May 10, 1938. New Hampshire passed a "strict" type of financial responsibility law and found that "there was a small group of car owners and operators whose motor vehicle records, reputations or habits were such that no company would write them voluntarily, and since the state did not regard them sufficiently dangerous to be excluded from the highways, the New Hampshire Automobile Assigned Risk Plan was designed to provide them with liability insurance and thus meet the requirements of the law. Consequently, as other states passed strict laws, similar

(1) "Character of Voluntary Automobile Assigned Risk Plans Explained by William Leslie," The Weekly Underwriter, March 27, 1941, p. 659.

plans were put into effect."(1)

The merits of, and need for an automobile assigned risk plan were realized by other states. The state of Washington, for example, found that approximately 3,800 of its drivers were unable to regain their licenses under the state's financial responsibility law which required suspension of licenses for infractions of the law and their return only after evidence of financial responsibility was furnished. Here the necessity for an assigned risk plan was plainly evident.(2)

New York adopted an assigned risk plan in 1941 patterned very closely after that of New Hampshire. The California Plan, effective in 1942, introduced new features, some of which were adopted by the other plans as will be noted later. The collapse of the Keystone Mutual in 1947 dumped seven to eight million dollars worth of its buses, trucks and taxis on the market, and this spurred many more states to request assigned risk plans.(3)

Today, forty-one states have some kind of automobile assigned risk plan. The states which have not as yet adopted such a plan are Arizona, Kansas, Montana, Nevada, Oklahoma,

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- (1) A. R. Goodale, "How the Assigned Risk Plan Works," Rough Notes, March, 1948, p. 20.
 - (2) "Assigned Auto Risk Plan Considered in Washington," The National Underwriter, December 26, 1940, p. 18.
 - (3) "Assigned Risk Plans Forming in Some States," The National Underwriter, July 31, 1947, P. 17.

1776. The Continental Congress declared the colonies independent of Great Britain. The British evacuated Philadelphia and moved back to New York City. On September 26, 1783, the British evacuated New York City and sailed for England. The Continental Army followed them and fought the Battle of Red Bank on December 19, 1783. The British evacuated the city and sailed for England. The Continental Army followed them and fought the Battle of Red Bank on December 19, 1783. The British evacuated the city and sailed for England. The Continental Army followed them and fought the Battle of Red Bank on December 19, 1783.

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South Dakota, Texas, and the district of Columbia. It is significant to note that while the automobile assigned risk plan was the result of financial responsibility and compulsory insurance legislation, the states of Arizona, Kansas, Montana, and South Dakota have such laws but do not have assigned risk plans, and the states of Arkansas, Louisiana, Mississippi, and South Carolina have assigned risk plans but have no financial responsibility laws. The latter group is indicative of the fact that an assigned risk plan is both necessary and desirable even in the absence of such compelling factors.

The Uniform Plan. - As additional states adopted automobile assigned risk plans it became evident that it would be desirable to have a supervisory committee composed of representatives from all classes of insurance companies, i.e., organized stock and non-stock companies, as well as independent stock and non-stock companies. "Uniformity in the principles underlying these plans and in their administration are worthwhile and necessary objectives, considering the nationwide operations and volume of the companies." (1) To this end a three-man committee was appointed in 1945, and in 1947 it was enlarged to six members consisting of two members each from the Association

(1) A. E. Spottke, "Auto Assigned Risk Plans," The Casualty and Surety Journal, December 1948, p. 56.

of Casualty and Surety Companies, American Mutual Alliance, and the National Association of Independent Insurers. This committee was officially designated as the National Advisory Committee on Automobile Assigned Risk Plans, and it was due to the patient and tireless efforts of the Committee that the Uniform Automobile Assigned Risk Plan came into being. Although a considerable degree of uniformity had previously been achieved among the existing plans, the new plan sought to make certain changes which would enable insurance companies to deal more fairly with the extremely complicated present-day problem of making assignments.

The new plan is a compromise which evolved from the many suggestions and points of view offered by all factions of the automobile insurance industry. As such, the plan is not perfect. It does not completely satisfy everyone, but it is believed by many to be the best possible solution to the problem under existing circumstances.

The Uniform Plan⁽¹⁾ has been submitted for adoption to thirty-eight of the forty-one states which now have some form of automobile assigned risk plan. It was not submitted to California, Massachusetts, or Virginia because

(1) For the purpose of this thesis the term "Uniform Plan" will be used when referring to the new plan formulated by the National Advisory Committee. The term "Old Style Plan" will be used when reference is made to the more commonly accepted standard plan other than the Uniform Plan. These terms are arbitrary, and are used merely for the purpose of differentiating between the two general types of plans.

of the special conditions prevailing in those states as will be noted later. At the time of this writing the Uniform Plan has been adopted in its entirety, or in a modified form, in twenty-three states; it is still under discussion in ten states; and five states have either rejected the plan or deferred action on it until a future date. The following states have adopted the Uniform Plan in its entirety, or a modification thereof:

Alabama	Michigan	Pennsylvania
Colorado	Minnesota	Rhode Island
Connecticut	Mississippi	South Carolina
Delaware	New Jersey	Utah
Florida	New Mexico	Washington
Indiana	New York	West Virginia
Iowa	Ohio	Wyoming
Kentucky	Oregon	

The Uniform Plan is still under discussion in the following states:

Arkansas	Maine	Tennessee
Georgia	Maryland	Vermont
Illinois	New Hampshire	
Louisiana	North Dakota	

The Uniform Plan has either been rejected or action deferred in the following states:

Idaho	Nebraska	Wisconsin
Missouri	North Carolina	

Summary. - The financial responsibility laws came about as an alternative to compulsory automobile insurance. They were designed for the purpose of rendering motorists more readily able to meet financial obligations imposed upon them by law and arising out of the ownership, maintenance, and use of their automobiles. The insurance companies

actively supported the adoption of these financial responsibility laws in preference to what they considered much worse - compulsory insurance.

Simply seeing to it that financial responsibility laws were enacted, however, did not completely solve the problem. It was found that under these laws many of the persons who were required to secure insurance, and who were entitled to it, could not obtain it through the facilities available to them. There remained the problem of whether the states were to provide a means of insuring these persons by establishing funds of some sort⁽¹⁾ or resorting to compulsory insurance, or whether the insurance industry would offer a remedy. The insurance companies did provide a solution with their automobile assigned risk plans - voluntary agreements for granting automobile bodily injury and property damage liability insurance to risks unable to secure it for themselves.

Forty-one states have thus far adopted such plans. A committee composed of representatives from all companies was appointed for the purpose of keeping these various plans as uniform as possible, and it was due largely to the work of this National Advisory Committee that the Uniform Automobile Assigned Risk Plan was developed. This new plan

(1) The Canadian Province of Saskatchewan has a government fund which provides payments for anyone injured on the ways regardless of who was at fault.

is an improvement over existing plans, and it is hoped that it will be generally adopted in order that maximum uniformity may be achieved.



CHAPTER II

Provisions of the Automobile Assigned Risk Plan

There are, in general, two types of automobile assigned risk plan in use by the various states today - the Old Style Plan and the Uniform Plan. The former type more closely resembles the first plans used although most of the earlier plans of this type have been altered from time to time in order to achieve a greater degree of uniformity among them. A copy of the Old Style Plan still in use in Georgia will be found in Appendix A of this thesis, and a copy of the Uniform Plan of Delaware will be found in Appendix B. The sections and provisions cited in the following discussion will be from these two plans.

This chapter is intended to point out the major provisions of the automobile assigned risk plans in general, as well as to show the changes brought about by the Uniform Plan. The merits of these provisions, and the reasons for the changes will be discussed when necessary. In order to accomplish this purpose, sections of the Uniform Plan will be cited and comparisons will be drawn with corresponding provisions of the Old Style Plan.

Sec. 1. Purposes of Plan. (Sec. 1 of Old Style Plan)

- The twofold purpose of both types of plans is clearly stated under Section 1, and the corresponding provisions are essentially the same. However, the Old Style Plan is

modified somewhat in that risks must be entitled to insurance in good faith and may be assigned to an authorized carrier. While these minor limitations are not written into the Uniform Plan, they are, nevertheless, an implied part of the plan. This clause of the Uniform Plan will be modified because of the laws of some states, but it is advisable to use this broad phraseology as a defense when agitation for state insurance funds or other opposition to the plan develops.(1)

Sec. 2. Effective Date. (Sec. 3, 9 of Old Style Plan). - Since these plans are voluntary, they depend upon the full cooperation and participation of all companies, both stock and non-stock, writing direct automobile liability insurance in the particular state. If some companies were permitted to escape the provisions of the Plan, it would necessarily result in an inequitable distribution of assigned risks. Both plans, therefore, have this clause which provides that the plan shall not become effective until all of the carriers have subscribed thereto. This clause also implies that if, after all carriers had subscribed to the plan and thus made it effective, one carrier should thereafter refuse to be bound by its terms or refuse to participate, the plan would necessarily be

(1) H. E. Curry, "Uniform Automobile Assigned Risk Plan," Best's Insurance News (Fire and Casualty Edition), Sept., 1948, p. 56. See also "Limited and Unlimited Plans, pp. 44-46.

abolished. A situation similar to that just mentioned presented itself in Iowa when the American Fidelity and Casualty Company of Virginia refused to subscribe to Iowa's voluntary plan unless certain conditions were met.⁽¹⁾ The situation was remedied, however, before the issue was taken into the courts and no mention has been made of the somewhat peculiar stand taken by this company in any other state as yet, nor has a similar situation arisen with any of the other companies.

Sec. 3. Non-Residents. (Sec. 4 of Old Style Plan).

- This provision which makes the plan available for non-residents with respect to automobiles registered in the state is essentially the same under both plans. The place of registration rather than the residential address determines an applicant's eligibility.

Sec. 4. Administration. (Sec. 5 of Old Style Plan).

- Almost all of the plans provide for the same form of organization for the administration of the plan - a governing committee and a plan manager. The various plans do disagree somewhat, however, as to the members of the governing committee. The number of members varies under different plans from four to seven and the groups represented by the members varies also. The most common form

(1) "Iowa Cracks Down on American F. & C.," The National Underwriter, May 13, 1948, p. 16.

of committee organization is the one set out in the Uniform Plan consisting of five subscribers, one from each of the following classes of insurers: National Bureau of Casualty Underwriters, Mutual Insurance Statistical Association, National Association of Independent Insurers, all other stock insurers and all other non-stock insurers. Although this representation seems the one most widely accepted, some feel that the governing committee would be more equally divided if the bureau stock insurers were represented by the Association of Casualty and Surety Companies while the non-stock insurers by the American Mutual Alliance. "The present set-up introduces the possibility of permitting a balance of power to one of the affiliated groups." (1)

Sec. 5. Duties of Governing Committee. (Sec. 6, 7, & 8 of Old Style Plan) - Some plans state the duties of the Governing Committee in much greater detail than others but all plans provide for essentially the same duties. Among these are included such things as appointing the manager, performing the general duties of administration, budgeting expenses, levying assessments, disbursing funds, and performing all other duties essential to the proper administration of the plan.

Sec. 6. Distribution of Assignment of Risks. (Sec.

(1) H. E. Curry, op. cit., p. 55.

83 of Old Style Plan) - This section embodies some of the most radical and significant changes from the corresponding provisions of the Old Style Plan. Since Section 6 of the Uniform Plan raised the most serious questions, it therefore received the most serious consideration of the National Advisory Committee before the provisions for the distribution and assignment of risks set out in the existing plans were altered. The resulting section in the Uniform Plan represents the most equitable compromise between two conflicting viewpoints - one being that all carriers should be obliged to accept all risks by assignment, regardless of the class of risk, and the other being that carriers not equipped to service certain risks, such as buses and long-haul trucks, should not be required to accept these risks by assignment.(1)

The Old Style Plan merely provides that eligible risks will be assigned to carriers in proportion to their net direct bodily injury premium writings with due regard to exclusions under reinsurance agreements, and with due regard to the facilities of the insurer for servicing the risk. The Uniform Plan utilizes this provision of the Old Style Plan as the basis of Section 6, but then it goes on to outline a procedure whereby the servicing facilities of a carrier are recognized and taken into account.

(1) "Assigned Risk Plan Changes before N.A.I.C., " Eastern Underwriter, June 11, 1948, p. 33.

In determining the net direct bodily injury premium writings of a carrier both plans recognize, and allow for, exclusions under reinsurance agreements, treaties, or contracts filed in writing with the Plan Manager. These might afford an avenue to escape assignments, but no way of plugging this hole could be seen and it was felt that the companies would enter into the spirit of the plan and not seek such relief.⁽¹⁾

One of the main factors which prompted the adoption of so radical a change in this section was the feeling that the provision in the existing or Old Style Plans was inadequate, and incapable of handling the changing nature and increasing volume of assigned risk business. Just prior to the development of the Uniform Plan the existing Plans were flooded with long-haul trucking risks as well as with individual private passenger and commercial risks. Companies which had never written such risks were assigned them, and many companies became fearful of subscribing to such a plan.⁽²⁾ Section 6 of the Uniform Plan was designed, therefore, to eliminate such threats to the Automobile Assigned Risk Plan.

In a sincere effort to deal fairly and equitably with all companies the National Advisory Committee on Automobile Assigned Risk Plans agreed upon five basic principles

(1) H. E. Curry, op. cit., p. 62.

(2) A. R. Goodale, op. cit., p. 46.

before deciding on Section 6:(1)

1. Every carrier should be obligated to accept assignments of single private passenger, local trucks and taxicab risks.
2. Proper recognition should be given to the facilities of a carrier with respect to public vehicle risks, such as buses where high limits are mandatory.
3. Separate consideration and treatment should be given to truckmen subject to Interstate Commerce Commission regulations and long-haul trucking risks, and some option to accept such risks as a class should be granted to carriers.
4. "Loading" a carrier substantially beyond its quota of assignments or its ability to absorb its business with fleet risks would be avoided.
5. Extra assignment credit should be given to those carriers who voluntarily accepted risks from the classifications deemed more hazardous.

Subsection (a) of Section 6 embodies the first of the above principles, and the most "distasteful" part of it is the inclusion of taxicabs. Risks of less than five cars, it was felt, should be assigned as a unit because to insure such risks as taxicabs on an individual basis would

(1) H. E. Curry, op. cit., p. 56.

THE HISTORY OF THE

REIGN OF KING CHARLES THE FIRST

IN THE YEAR 1649

BY JOHN BURNET

OF THE UNIVERSITY OF OXFORD

IN TWO VOLUMES

THE FIRST

VOLUME

IN TWO VOLUMES

THE SECOND

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THE SEVENTH

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IN TWO VOLUMES

create bad public relations and also meet with the disapproval of many state insurance commissioners. It would be unwise to "load" all of this type of business on only those carriers which were writing such risks and permit the others to accept only the less hazardous of these.

The second and third principles manifest themselves in the provision of subsection (b) which states that buses, interstate truckmen subject to Interstate Commerce Commission regulations, long-haul trucks operating more than 150 miles from the town of principal garaging, and risks of five or more public automobiles of all types shall be assigned to those carriers which are writing, or are willing to write such risks. A recognition of the servicing facilities of a carrier for handling these extra-hazardous risks has thus been provided for in this section of the Plan. The provision is clearly stated and the only serious question that has arisen regarding it is with reference to just where the line should be drawn between those companies which are writing such risks and those which are not. The issue was advanced by those companies which do not normally write nor do they solicit these extra-hazardous risks specified but which do, on rare occasions, make an exception if the risk is above average as an accommodation to one of their better customers or for one of their better agents. Such companies felt, and not without cause, that they should not be considered the same as those carriers which make a practice of writing these

risks and which necessarily have more adequate facilities for servicing them. It was felt, however, that it was unwise, if not unfair, to make a distinction between these two types of carriers. This provision of the Plan means, therefore, that if a carrier has any of the risks specified on its books, regardless of the status of that business or the carrier's policies toward those classes of risks, it must be eligible for assignments under this section of the Plan. This is a case of "all or nothing at all," and no exceptions should be made. "An attempt to do otherwise would be doomed to failure because of the impossible administrative problem it would pose." (1)

Another criticism of this section is that since provision has been made for allowing companies to decline certain risks if they are not writing them, a like provision should be made for those companies specializing in writing certain of those risks which they do not ordinarily write, such as taxicabs and private passenger automobile risks. This argument was offered by the American Fidelity and Casualty Company of Virginia which writes nothing but truck and bus risks. It was submitted, however, that since the writing of taxicab and private passenger risks requires no special servicing facilities and since some carriers are not equipped to handle claim and engineering services necessary for the enumerated

(1) A. E. Spottke, "Auto Assigned Risk Plans," op. cit., p. 58.

1. The first part of the document is a letter from the President of the United States to the Congress, dated January 3, 1801. It contains a report on the state of the Union and the progress of the government during the year 1800. The President mentions the peace with France and the establishment of the new government.

2. The second part of the document is a report from the Secretary of the Treasury, dated January 3, 1801. It contains a detailed account of the financial state of the country, including the revenue and the debt. The Secretary mentions the success of the financial policy and the reduction of the debt.

3. The third part of the document is a report from the Secretary of the Navy, dated January 3, 1801. It contains a detailed account of the naval operations and the state of the fleet. The Secretary mentions the success of the naval policy and the increase of the fleet.

4. The fourth part of the document is a report from the Secretary of the War, dated January 3, 1801. It contains a detailed account of the military operations and the state of the army. The Secretary mentions the success of the military policy and the increase of the army.

5. The fifth part of the document is a report from the Secretary of the Interior, dated January 3, 1801. It contains a detailed account of the land and the resources of the country. The Secretary mentions the success of the land policy and the increase of the resources.

6. The sixth part of the document is a report from the Secretary of the State, dated January 3, 1801. It contains a detailed account of the foreign relations and the state of the world. The Secretary mentions the success of the foreign policy and the increase of the influence of the United States.

7. The seventh part of the document is a report from the Secretary of the Education, dated January 3, 1801. It contains a detailed account of the state of the education system and the progress of the schools. The Secretary mentions the success of the education policy and the increase of the number of schools.

8. The eighth part of the document is a report from the Secretary of the Agriculture, dated January 3, 1801. It contains a detailed account of the state of the agriculture and the progress of the farms. The Secretary mentions the success of the agriculture policy and the increase of the production of food.

9. The ninth part of the document is a report from the Secretary of the Commerce, dated January 3, 1801. It contains a detailed account of the state of the commerce and the progress of the trade. The Secretary mentions the success of the commerce policy and the increase of the trade.

10. The tenth part of the document is a report from the Secretary of the Marine, dated January 3, 1801. It contains a detailed account of the state of the marine industry and the progress of the ships. The Secretary mentions the success of the marine policy and the increase of the number of ships.

extra-hazardous risks, "the justification for one treatment is not applicable to the other." (1)

Subsection (c) which allows \$2.00 credit for each \$1.00 premium written on public automobiles and truckmen described in (2) and (3) of subsection (b) is the provision which carries out the last of the above five principles.

Subsection (d) states, "Risks involving more than one car of any class may be assigned to more than one subscriber when necessary. However, a subscriber shall not be required to accept an assignment of more than one unit of a given risk." This provision contradicts subsection (a) of this section, and it would seem that it offers a convenient "out" for a company which could permit some unfairness to an applicant. The provision was designed to break up extra-hazardous fleets which might endanger the solvency of a company (the fourth of the above principles), and it is felt that the governing committee and the Plan Manager will have sufficient jurisdiction to prevent undue abuse by an individual carrier. (2) If too many carriers seek this as a means of escape or otherwise impair the effectiveness of the Plan, a modification or even the elimination of this provision can be expected.

(1) "Assigned Risk Plan Changes before N.A.I.C.," op. cit., p. 33.

(2) H. E. Curry, op. cit., p. 63.

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Sec. 7. Costs of Administration (Sec. 80 of Old Style Plan.) - Both plans provide the same method for assessing the costs of administration, i.e., a minimum fee of \$5.00 from each subscriber and any excess expenses to be apportioned according to the net direct automobile bodily injury liability premiums written. This is the most generally accepted method, but there are variations as will be noted in the following chapter.

Sec. 8. Convictions. - There is no corresponding section for this definition of convictions in the Old Style Plan but the same provisions apply to the forfeiture of bail as do to convictions.

Sec. 9. Eligibility. (Sec. 20, 21, 22, 23, 24, and 25 of Old Style Plan) - This section of the Uniform Plan has been overhauled from the like provisions of the Old Style Plan, and it has eliminated, along with a great many words, some of the significant qualifications imposed by the older plans.

The first change to be noted, as well as the most significant variation, in this section is the elimination of the three letters of refusal. Sections 20 and 21 of the Old Style Plan provided that before an applicant might be subject to the plan, he had to submit at least three letters of refusal from authorized companies to demonstrate that he had been unsuccessful in his attempts to seek insurance. The reason for such a requirement

was well-founded and commendable. These three letters were for the purpose of protecting individual car owners from being written as assigned risks when some company might have written them voluntarily, and, in theory, the provision was quite beneficial to the car owner. In actual application, however, it was found that this requirement was somewhat cumbersome and that many agents worked together in exchanging such letters in order to speed up the procedure and assist the applicant so that, in many instances, the intended benefits were impossible to achieve. As a result, the Uniform Plan eliminated this requirement in its entirety and provided, instead, that the applicant merely certify in his application that he has attempted to obtain insurance and has been unable to do so.

Section 22 of the Old Style Plan states that the plan shall apply "only to risks which in the judgement of the Committee, are in good faith entitled to such insurance." The plan does not attempt to define just what good faith is, but it goes on to list specific prohibitions and exclusions which do not constitute this good faith. Section 9 of the Uniform Plan, on the other hand, eliminates the good faith requirement which is often subject to various interpretations and substitutes instead specific eligibility rules. The remainder of the eligibility rules and requirements under both plans is essentially the same with

the exception of some changes regarding disability requirements which render various forms of mental and physical disabilities a bit less restrictive under the Uniform Plan.⁽¹⁾

Sec. 10. Extent of Coverage. (Sec. 10 of Old Style Plan) - No carrier shall be required to write a policy for limits in excess of standard limits of \$5,000/\$10,000 bodily injury and \$5,000 property damage unless such higher limits are required by law. This provision is the same under both plans.

Sec. 11. Application for Assignment. - This section of the Uniform Plan provides for an investigation fee of \$5.00 per car subject to a maximum of \$50.00 per risk to be submitted with each application for assignment under the plan. If the risk is written the fee is applied toward the premium due for the policy, and if the applicant is refused the fee will be refunded. The fee is not returned to the Applicant if he refuses to accept the insurance. There is no such provision in the Old Style Plan.⁽²⁾

Although the fee is intended to defray expenses incurred in processing applications for assignment and in conducting the necessary investigation, it is also for the

(1) See the sections indicated under Appendix A and Appendix B for a complete comparison of these provisions.

(2) California was the first to adopt such a fee. (July 1, 1942.)

purpose of keeping out the "shoppers" and to encourage the applicants to canvass the open market before seeking assignment. "It has been found that about 25 percent of the risks processed by the companies under assigned risk plans are subsequently not insured, either because the risk has obtained insurance elsewhere voluntarily or because it has decided not to purchase insurance. Heretofore, this involved a sizable amount of additional work both for the manager of the plan and the companies. In California, where the fee idea has been in use for several years, the percentage of risks which are assigned and processed but where the applicant nevertheless subsequently does not accept the policy, is down to five percent. The requirement of a fee to defray certain expenses incurred obviously is largely responsible for this showing."⁽¹⁾ The investigation fee, then, along with its stated purpose has much the same effect as the three letters of refusal required under the Old Style Plan. It encourages the applicant to secure insurance for himself voluntarily before he applies for assignment under the plan as they did.

Sec. 12. Designation of Carrier. - (Sec. 42 of Old Style Plan) - Both plans provide that upon receipt of the application for insurance the manager of the plan shall

(1) A. E. Spottke, "Auto Assigned Risk Plans," op. cit., pp. 60, 61.

designate the insurer to whom the risk shall be assigned. The Uniform Plan also provides that along with the original application fee, the manager shall forward to the designated insurer the investigation fee.

Sec. 13. Three Year Assignment Period. - No risk shall be assigned to a carrier for a period in excess of three years, and if, at the end of that period the risk is still unable to obtain insurance, it may reapply for insurance under the plan and will be considered a new applicant. This section is new to the Uniform Plan and no such provision was made in the Old Style Plan. Under the Old Style Plan, third and subsequent renewals were written by the designated carrier as normal business at the rates and classifications normally applicable when the assigned risk is unable to obtain insurance voluntarily from another carrier.

It is readily seen that with respect to the period of assignment, the two plans represent exactly opposite viewpoints - one favoring the carrier and the other favoring the insured. Under the Uniform Plan with its three year assignment period, the assigned risk is considered to be inherently a bad risk and consequently, no company should be required to insure him for more than three years. The risk, too, must be punished because of his inherent evils, and this is accomplished by requiring him to apply for reassignment and thus be subject to the

investigation fee and the additional charges to the normal policy premium for another three years. The statement, "once an assigned risk, always an assigned risk," has been made, and if the validity of such a statement is borne out by the practice of the companies, it might prove detrimental to the automobile assigned risk plans. It will still be some time before the effects, if any, of this three year assignment period can be determined inasmuch as the majority of the plans containing it have not been in effect for even one year as yet.

The Old Style Plan takes the opposite viewpoint with respect to the period of assignment. The assigned risk under this plan is considered a good risk who has been the victim of unfortunate circumstances, or a bad risk who can be made good by the Plan. As such, he should not be made to suffer any longer than possible, and consequently, unless he has committed one or more of the specified offenses during the forty-five day period immediately preceding the date of expiration of the third year, he has proven himself to be a normal risk and worthily entitled to insurance as such. This line of reasoning, of course, favors the insureds and the only source of criticism would come from the carriers. The fact that this method of treating third and subsequent renewals has been done away with by the Uniform Plan indicates that the criticisms offered were sufficient to produce action.

Sec. 14. Carrier's Notice to Applicant. (Sec. 43, 60 of Old Style Plan) - Both plans provide that within fifteen days after receipt of notice of designation from the Manager, the designated insurer shall notify the applicant that it will either issue a policy provided the premium is paid within a stipulated time (usually 15 days) or that it will not issue a policy because the applicant is not entitled to insurance under the Plan. To this, the Uniform Plan adds an additional provision not found in the Old Style Plan. Where notice involves a public automobile or truckmen risk, required by law to furnish evidence of insurance as a prerequisite for operation, which risk immediately prior to its application to the Plan had been insured in a carrier whose authority to do business has been terminated because of insolvency, the designated carrier shall immediately give notice to the applicant that it will either issue the policy or refuse to issue it under the same conditions that apply to other applicants as cited above. The initial fifteen day waiting period is thus eliminated and the need for prompt action in making insurance available to common carriers of passengers or freight required by law to carry insurance is recognized. After the risk has been written, the company will make the usual investigation and continue the insurance if the risk is eligible. This provision is designed to take care of a situation like that created

when the Keystone Mutual became insolvent.⁽¹⁾

Under Section 60 of the Old Style Plan an assigned risk which is dissatisfied with the designated carrier may request reassignment upon expiration, and although this statement is omitted from the Uniform Plan, it would seem that the provision has its merits.

The Old Style Plan allows a carrier the same two options for the first and second renewal procedure as does the Uniform Plan, i.e., to accept or to refuse the renewal assignment, but in addition it permits the carrier to renew the risk voluntarily as normal business at the rates and classifications normally applicable. This latter option is considered unnecessary, and it was therefore omitted from the Uniform Plan. There is, of course, nothing in any of the plans which forbids a carrier to write an assigned risk as normal business, and it goes without saying that this option is always available to any carrier although it is doubtful that many, if any, companies would exercise it inasmuch as little, other than some good will, would be gained.

The third and subsequent renewal procedure under Section 60 of the Old Style Plan has been discussed previously⁽²⁾ and under the Uniform Plan, because of the three year assignment period, the carrier is required

(1) "New Assigned Risk Auto Plan Released," The National Underwriter, March 11, 1948, p. 21.

(2) See page 37.

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to merely notify the risk at least 45 days prior to the expiration date of the second renewal that the period of assignment under the plan will terminate as of the expiration date of the policy.

Sec. 15. Carrier's Notice to Manager. (Sec. 88 of Old Style Plan) - Both plans have similar provisions for the carrier's notifying the Manager of the Plan on all matters concerning the status of the policy issued to an assigned risk, i.e., number, effective date, premium, etc. The amount of the original premium as well as any additional or return premiums allowed are of the utmost importance inasmuch as these are the basis for the distribution and assignment of risks.

Sec. 16. Rates. (Sec. 30 of Old Style Plan) - This section of the Uniform Plan introduces a major change in the corresponding provision of the Old Style Plan. While both plans provide for an additional charge of 10% for public passenger carrying and long haul trucking risks and 15% for all others, the Uniform Plan also provides for a 25% additional charge for those risks which are considered inherently poor as evidenced by their accident or conviction records. Applicants subject to this 25% charge include those which have, during the thirty-six months immediately preceding the date of application, been involved in more than one accident resulting in

bodily injury or property damage, convicted of any of the violations specified in Paragraph B of Section 9, convicted more than once of any violation of the Motor Vehicle Code other than convictions for parking, or required to furnish proof of Financial Responsibility under a Financial Responsibility Law. Such an additional charge is justifiable because assigned risks should pay their own way as far as possible, and they have not been doing that.⁽¹⁾ Even though the loss experience supports higher charges than those provided in this section, it is felt that the charges are the maximum that will be accepted in most jurisdictions.⁽²⁾

Sec. 17. Surcharge. (Sec. 31 of Old Style Plan) - Both Plans have similar provisions for a carrier's applying to the Commissioner of Insurance for increased rates if the Hazard of a risk is greater than that contemplated by the rate normally applicable under the Plan.

Sec. 18. Cancellations. (Sec. 50 of Old Style Plan) - The same rules governing the reasons for and the procedure of cancellations apply under both plans with but one exception. The Uniform Plan states that the notice of cancellation shall contain, or be accompanied by a statement that the insured has a right of appeal to the Governing

(1) A. E. Spottke, "Auto Assigned Risk Plans," op. cit., p.61.

(2) H. E. Curry, op. cit., p. 64.

Committee. The Old Style Plan, on the other hand, does not allow an applicant this right of appeal of cancelations. It provides, instead, that if the assigned risk is canceled the risk shall not be eligible for further consideration until the Manager of the Plan is fully satisfied that the risk is in good faith entitled to insurance under the plan.

Sec. 19. Right of Appeal. (Sec. 70 of Old Style Plan)

- Both plans allow an applicant as well as a subscriber the right of appeal to the Governing Committee whose decision may be further appealed to the Commissioner of Insurance of the State. The plans differ somewhat in their statements of those grievances which may be appealed. The Uniform Plan, for example, limits its basis for appeal to an applicant denied insurance or an insured given notice of cancellation while the Old Style Plan allows an applicant or subscriber to appeal any grievance respecting the operations of the Plan. The Old Plan does not, however, permit a canceled risk the right of appeal. As pointed out above, the Manager of the Plan shall determine when a canceled risk is re-eligible for insurance under the Plan. The statement in the Old Style Plan regarding the procedure to be followed if an insurer on the Committee is a party to the controversy is omitted from the Uniform Plan.

Sec. 20. Re-Eligibility. (Sec. 27. of Old Style Plan)

- Both plans provide that a rejected applicant is not eligible to re-apply for insurance under the plan until one year from the date of the rejected application, and the Uniform Plan also states that an assigned risk canceled is not eligible to re-apply for one year from the effective date of cancelation. Here, too, the Old Style Plan makes no provision for canceled risks because of the aforementioned manner of handling them.

Sec. 21. Commission and Field Supervision Allowances.

(Sec. 85 of Old Style Plan) - A commission of 5% for public passenger carrying vehicles and long haul trucking risks, and 10% for all other risks to be paid to a licensed producer designated by the insured and $2\frac{1}{2}\%$ to the carrier of its licensed agent for field supervision is allowed under both plans.

Although all of the automobile assigned risk plans, with the exception of Massachusetts, allow for commissions and field supervision allowances similar to those stated above, there has been some justifiable criticism against paying any commissions on assigned risk business. Most of this opposition to commissions is based upon the grounds that agents use the plan as a dumping ground for borderline business and think of it as a pool rather than the Plan that it is.⁽¹⁾ Such agents operate on the theory

(1) "Headaches of Assigned Risk Plan outlined," The National Underwriter, November 27, 1947, p. 17.

that "half-a-loaf is better than none" or, more specifically, a 5% or 10% commission is better than no commission at all. A few indications of this practice by agents have been noted, and it is obvious that if it is carried on to any great extent, it could prove very damaging to the assigned risk plans. The elimination of commissions would solve this situation. It is also contended by these abolitionists that no service is performed by an agent who is not licensed to do business with the company receiving the assigned risk and he should therefore not be entitled to a commission. This argument is not too well grounded because an agent does perform a service as is pointed out by those who advocate the paying of commissions.

On the other side of the picture, the chief claim for the payment of commissions, and the argument which ultimately won out, is that car owners and operators in good faith entitled to automobile insurance and unable to purchase it naturally seek the aid of their insurance representative. These agents must know about the Automobile Assigned Risk Plan and, if they can find no other market, endeavor to obtain insurance for their clients through the Plan. All of this means expenditures of their time and labor, and producers are entitled to some compensation for such services.(1)

Both of these arguments have merit, but the experience

(1) A. R. Goodale, op. cit., p. 46.

under the various plans will be the final judge of the extent to which commissions, if any, should be allowed for assigned risk business. If the experience is unfavorable, as it has been, and if the rates are as high as the traffic will bear, as many feel they now are, the only way to ease the situation is to reduce or even eliminate the commissions. If the agents are habitually abusing the Plan by dumping into it all questionable business solely for the purpose of realizing the compensation, the commissions should be eliminated. If, on the other hand, the experience of the various plans is not objectionable, the continued payment of commissions and field supervision allowances is justifiable.

Sec. 22. Re-Certification of Operator's License of Applicant or Principal Operator of the Motor Vehicle.

(Sec. 26 of Old Style Plan) - Both plans provide that if there is reasonable doubt as to whether the applicant or principal operator should be continued to be licensed to operate a motor vehicle, the carrier may request the Motor Vehicle Division of the State to re-certify such person's ability to retain his operator's license, and he will not be eligible for insurance under the Plan until he is so re-certified. As respects assigned risks required to file evidence of Financial Responsibility, the carrier must first issue policies of insurance before requesting re-certification of such persons. This provision is the same for both plans.

Sections 40 and 41 of the Old Style Plan set out the requirements and the procedure for the application for assignment and application for coverages. There is no corresponding provision in the Uniform Plan and there are no other major differences, additions, or omissions between the Old Style and the Uniform Automobile Assigned Risk Plan.

Summary. - When automobile assigned risk plans were first introduced they were designed for, and fulfilled, a definite need. As more of these plans were adopted and accounted for greater volumes of business, certain weaknesses and inadequacies became apparent. A new uniform assigned risk plan was developed not only for the purpose of correcting the defects found in existing plans but also as a means of gaining a greater degree of uniformity. The Uniform Plan offered four major changes and many other minor changes in the provisions and terms of the Old Style Plan. These major differences are as follows:

1. It revised the method of assigning risks recognizing the servicing and engineering facilities of a carrier necessary to handle certain types of risks.
2. It established an investigation fee of \$5.00 per car subject to a maximum of \$50.00 per risk which must be paid when application for assignment is submitted.

3. It added a new 25% additional charge for certain types of risks.

4. It eliminated the requirement of three letters of refusal provided for in the Old Style Plan.

The Uniform Plan has not been accepted in its entirety by all states, and consequently both types of plan are still used.

"The Uniform Plan is not offered as a utopian solution to this knotty problem. It is an improvement over existing plans, is workable if efficiently administered, and does fulfill a definite public need."(1)

(1) H. E. Curry, op. cit., p. 64.

CHAPTER III

The Automobile Assigned Risk Plans of the Several States.

It has been indicated that the automobile assigned risk plans are in a period of change and transition. As inadequacies in existing plans become apparent, the plans are revised to correct them, and although the Uniform Plan was introduced in an effort to embody all of the significant changes into a single plan, it is doubtful that even this will be able to withstand the test of time without the need for some alterations. Some states have seen fit to introduce some significant variations already and others will doubtless follow suit before adopting the new plan. Inasmuch as it would be exceedingly difficult, if not impossible, to predict with any degree of certainty just what changes will be deemed necessary in the future or the type of plan that will ultimately prove itself most satisfactory, the purpose in this chapter is merely to point out the variations which exist in the plans in effect today. It can be assumed that any alterations made in the near future of any of the plans here discussed will follow the trend of the Uniform Plan, especially in those states which have as yet failed to act upon its adoption.⁽¹⁾

Variations in the Governing Committees. - One of the most recurrent points of variation among the several plans,

(1) See page 20.

both old and new, is in the section which deals with the membership of the Governing Committee, i.e., as to which associations and groups should be represented. This point is, perhaps, of lesser significance than others but a brief explanation is warranted. Unless stated to the contrary, it can be assumed that the particular plan mentioned is administered by a Manager and a five-man Governing Committee as follows:

One member from the National Bureau of Casualty
Underwriters

One member from one of the following groups:

- a. Mutual Casualty Insurance Rating Bureau
- b. Mutual Insurance Statistical Association
- c. National Association of Automotive Mutual
Insurance Companies

One member from the non-affiliated stock companies

One member each from two of the following:

- a. National Association of Independent Insurers
- b. Non-affiliated mutual companies
- c. Reciprocal and inter-insurance exchanges.

The National Association of Automotive Mutual Insurance Companies, an organization of mutual companies concerned with automobile liability insurance, seems to be on the way out since the passage of rate regulatory laws in most states. It operates in those states where the Mutual Casualty Insurance Rating Bureau does not operate and

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the latter Bureau is now replacing it in most states. In the states where the Bureau does not operate (usually those states which have their own rate making facilities) the Mutual Insurance Statistical Association serves as an advisory and statistical organization.

The choice of the particular organizations to be represented and the extent of such representation depends largely upon the types of insurance companies which predominate in a particular state. In some states the smaller, non-affiliated companies command the greatest influence in the field of automobile insurance, while in others it is the larger companies and their affiliated organizations that predominate. These variations not only reflect themselves in the structure of the Governing Committee but also in the provisions of the plan. In fact, the lack of uniformity among the various automobile assigned risk plans can be attributed almost entirely to the predominance of different types of insurance companies in the different states. Each type or class of carrier quite naturally seeks to further its own interests and when it is strong enough to exercise any degree of influence, it can shape such things as an assigned risk plan, within limitations, so that it will produce the least amount of harmful effects. This is what has happened with the automobile assigned risk plans.

Limited and Unlimited Plans. - A distinction which

should be made clear is that of a limited plan as contrasted with an unlimited plan. These terms are used when referring to the scope of a particular plan, i.e., limitations imposed by the Purpose Clause of the plan (Section 1 of most plans). Indications of such limitations are those plans which apply only to those risks subject to and/or not specifically excluded from the Financial Responsibility Law of the particular state or the plans which apply only to those risks required by law of the state or ordinance of any municipality thereof to purchase automobile liability insurance.

Under the provisions of most Financial Responsibility Laws a person is not subject to the law until he is required to furnish evidence of Financial Responsibility, and he is not required to do this, even under the strict laws, unless and until he has been involved in an accident in most cases. It is obvious, then, that an automobile assigned risk plan which was applicable only to such persons would indeed be limited in its scope. Risks other than those subject to the Financial Responsibility Law could be, and probably are in many instances, insured under such a limited plan, but the significance of such a limitation lies in the fact that the insurance companies have no obligation whatsoever to insure them.

Most states and municipalities have laws which require public passenger carriers, public livery, and certain other

classes of risks to carry automobile liability insurance. A plan which limits itself to apply to only such risks would be devoted almost exclusively to extra-hazardous risks. The general insuring public gains little, if anything, from such a limited plan.

When the automobile assigned risk plans were first developed, they were all limited to risks subject to Financial Responsibility Laws, or laws of the state because that was all that the plans were designed to do originally. The insurance companies later realized that such limitations were the source of justifiable criticism which could cause the loss of valuable good-will and the possibility of intervention by the state. The Uniform Plan, as well as many of the other plans, therefore, did away with these limitations, but the plans in many states are still of the limited variety.

Method of Presentation. - All of the plans to be discussed will be compared with the Old Style Plan of Georgia shown in Appendix A or the Uniform Plan shown in Appendix B of this thesis, and the changes cited will refer to deviations from one of these two unless otherwise indicated. Many of the plans employ different words to say essentially the same thing, and many add or omit some of the details of these two "standards," however, unless the meaning or interpretation is materially altered, no mention will be made of such minor variations. It should

be possible to get a complete picture of any one of the assigned risk plans, with the exception of those of California and Massachusetts, merely by substituting the changes indicated for the corresponding provisions in either the Old Style or the Uniform Plan whichever is applicable.

Alabama. - This is the Uniform Plan in its entirety and became effective May 17, 1948.

Arkansas. - This is the Old Style Plan and was effective September 1, 1947. It differs in the following respects:

Section 7. There is no provision for the Committee's appointing or selecting the Plan Manager. Sometimes two or more plans will have a common Plan Manager and, in such cases, no provision is made in the particular plans involved for the appointing of that Manager. This section also provides that the individuals authorized by the Committee to sign checks or drafts on behalf of the Committee shall give a bond for the faithful and honest discharge of their duties and for the faithful and honest receipt, custody and disbursement of the funds of the Committee.

Section 23. "Total deafness will be considered a major physical disability except in those cases where the continued operation of an automobile is considered essential to the operator's business, occupation or well being." In

most plans total deafness is not considered a major and disqualifying disability.

Section 26. The paragraph referring to the re-certification of assigned risks required to file evidence of Financial Responsibility is omitted from this plan. Arkansas has no Financial Responsibility Law and such a provision, therefore, has relatively little significance.

Section 42. All risks are assigned for a period of twelve months, as in other plans, with one exception. Taxicabs are assigned for the pro rata period expiring January 1st. This is similar to Massachusetts except that all automobile policies written in the latter state expire on January 1st.

California. - The California Automobile Assigned Risk Plan is a statutory plan⁽¹⁾ as contrasted with the voluntary nature of all but two⁽²⁾ of the other assigned risk plans. This Plan was made effective January 19, 1948. Prior to this date a voluntary plan was used in California similar to the Old Style Plan, and the same general principles predominate in the present plan, however, the details and procedures embodied in this statutory plan are much more exacting than in most other plans. A complete treatment of this plan would, perhaps, provide a study in

(1) Title 10, Chapter 5, Sub-Chapter 3, Article 8 of California Administrative Code.

(2) Massachusetts and Virginia

itself, but for the purpose of this thesis, only the high points and significant variations from the other plans (both types) will be dealt with.

The duties of the five-man Governing Committee (Sections 2420 - 2422) are stated in greater detail than in other plans and they include such things as appointing a Manager and fixing and determining his, as well as his employees', compensation. This is the only Plan which has this provision stated as such although it is implied in the other plans when allowance is made for the Committee to incur all reasonable expenses necessary for the administration of the plan. The Committee may also submit recommendations for the approval of the Insurance Commissioner for amendments to the plan. Very few of the other plans have such a provision for amending the plan. (See Sec. 89 of the Georgia Plan in Appendix A for an exception.)

The eligibility requirements under the California Plan (Sections 2430 - 2438) impose far more restrictions upon who shall be able to obtain insurance under the plan than are found in other unlimited plans. Although the Purpose Clause has no limitations comparable to those of the "limited" plans, the exclusions contained in these sections dealing with an applicant's eligibility are sufficient to classify the California Automobile Assigned Risk Plan along with other limited plans. This Plan has essentially the same eligibility requirements as found in

most other plans although they are somewhat more restricting and exacting in the California Plan. In addition to these requirements, an applicant is not in good faith entitled to insurance if the risk consists of or includes:

1. a vehicle used in carrying passengers for hire or compensation,
2. a vehicle used in the transportation of explosives, gasoline, or other highly inflammable or explosive liquids, gases or materials, or
3. any authorized emergency vehicle owned by the United States, the State of California or any political subdivision or municipality thereof, or the applicant is a person qualifying as a self-insurer.

Also, applicants or anyone who normally or usually drives the automobile under 18 years of age are not deemed to be in good faith entitled to insurance under the Plan.

Provision is made, however, that if an applicant is ineligible because of the operation of the automobile by a person other than himself, he may become eligible if he agrees to accept a policy which excludes coverage while such other person is operating the automobile. This provision which allows a company to limit the policy conditions is found in only a few of the other plans, and while it seems to be quite beneficial and fair to both the applicant and the carrier, it might be frowned upon by

the court of many jurisdictions as it is very similar to the "Student Endorsement" which excludes coverage for all except the student and his family, and the legality of this endorsement as a binding condition is doubtful.

An application fee of \$5.00 per application is required (Section 2443), and this fee is not returnable although it is credited against the premium if the risk is assigned and accepted.

In the sections dealing with the basis and method of assignment (Sections 2445-2449), the procedures and qualifying details are much more exacting than in other plans. An attempt is made to cover as many different situations as possible and the result is that the provisions of these sections as well as the complete Plan is somewhat cumbersome. The basis of assignment is essentially the same as that of other plans, but an attempt is made to recognize, insofar as possible, the underwriting policies of a carrier by the Manager. In the assignment of a risk when the applicant is a member of a motor club, for instance, preference is given to an insurer which confines its underwriting of risks not subject to the Plan to members of such motor club. In assigning risks consisting of, or including, two or more separate vehicles, each vehicle will be assigned to a different carrier except in those cases where it is not practical to do so. This, of course, is the same as under the Uniform Plan.

The first part of the paper discusses the importance of the study of the history of the United States. It is argued that a knowledge of the past is essential for a full understanding of the present. The author then goes on to discuss the various factors which have shaped the development of the United States, including the influence of the British, the Spanish, and the French. He also discusses the role of the American people in the creation of the nation. The second part of the paper is a detailed account of the American Revolution. It begins with the outbreak of the war in 1775 and continues through the end of the war in 1783. The author describes the military and political events of the war, as well as the social and economic changes which took place. He also discusses the role of the American people in the war. The third part of the paper is a discussion of the American Constitution. It begins with a description of the Constitution and its principles. The author then discusses the various amendments to the Constitution and the role of the Supreme Court. He also discusses the relationship between the federal government and the states. The fourth part of the paper is a discussion of the American Civil War. It begins with the outbreak of the war in 1861 and continues through the end of the war in 1865. The author describes the military and political events of the war, as well as the social and economic changes which took place. He also discusses the role of the American people in the war. The fifth part of the paper is a discussion of the American Reconstruction. It begins with the end of the Civil War in 1865 and continues through the end of Reconstruction in 1877. The author describes the political and social events of Reconstruction, as well as the role of the American people. The sixth part of the paper is a discussion of the American Gilded Age. It begins with the end of Reconstruction in 1877 and continues through the end of the Gilded Age in 1900. The author describes the economic and social changes of the Gilded Age, as well as the role of the American people. The seventh part of the paper is a discussion of the American Progressive Era. It begins with the end of the Gilded Age in 1900 and continues through the end of the Progressive Era in 1920. The author describes the political and social events of the Progressive Era, as well as the role of the American people. The eighth part of the paper is a discussion of the American New Deal. It begins with the end of the Progressive Era in 1920 and continues through the end of the New Deal in 1945. The author describes the political and social events of the New Deal, as well as the role of the American people. The ninth part of the paper is a discussion of the American Cold War. It begins with the end of the New Deal in 1945 and continues through the end of the Cold War in 1991. The author describes the political and social events of the Cold War, as well as the role of the American people. The tenth part of the paper is a discussion of the American present. It begins with the end of the Cold War in 1991 and continues through the present. The author describes the political and social events of the present, as well as the role of the American people.

Additional charges of 10% for long haul trucking risks and 15% for all others are applicable, and there is also provision for additional surcharges if the hazard is a greater risk than that contemplated (Sections 2460 - 2461). These provisions are the same as in other plans with the exception that the 10% charge applies only to long haul trucking risks. Public passenger carrying vehicles are, as has been pointed out, excluded from the California Plan. The commission and field supervision allowances of 5%, 10%, and 2 $\frac{1}{2}$ % are applicable as in other plans with the exception, again, that 5% is allowed for only long haul trucking risks. (Section 2462 - 2463)

The procedure of expirations and renewals is similar to that under the Old Style Plan (Sections 2480, 2485. See also Section 60 of the Georgia Plan in Appendix A). The three options under the first and second renewals are the same as those under the Old Style Plan. The third and subsequent renewals become normal business unless the insured or anyone who normally uses the automobile has been convicted of any one of the specified offenses, a felony, or involved in one accident resulting in \$200.00 or more bodily injury and property damage, or two or more accidents resulting in more than \$200.00 bodily injury or property damage during the forty-five day period of review. Unless the risk falls within one of these three categories upon third renewal, it must be written for one year by the

carrier at normal rates and classifications if the risk is still unable to obtain insurance for himself. If, at the end of this period, the risk is still unable to obtain insurance for himself voluntarily, he must reapply for assignment under the Plan and will be considered as a new risk. The latter provision is not a part of the Old Style Plan but it is similar to the treatment of third renewals under Section 12 of the Uniform Plan (see Appendix B).

The remainder of the provisions of the California Plan are essentially the same as the corresponding provisions of the other plans, i.e., cancelation procedure, right of appeal, cost of administration, re-eligibility of rejected applicants, etc.

Although the California Automobile Assigned Risk Plan has been in effect for only a little more than a year and the results are not yet available, it would seem that the Plan is greatly overburdened with restrictions, and too many applicants may fail to qualify for insurance. Such a situation might result in the provocation of counteractive measures by minority groups affected by the restrictions and limitations. This reaction could very easily gain greater momentum in California than in other states inasmuch as the element of politics has already been introduced with its Statutory Plan.

Colorado. - This is the Uniform Plan in its entirety and was effective July 1, 1948.

Connecticut. - This is the Uniform Plan in its entirety and became effective September 1, 1948.

Delaware. - This is the Uniform Plan in its entirety and was effective September 1, 1948.

Florida. - This is the Uniform Plan and was effective February 21, 1949. It differs in the following respects:

The introductory statement of the Uniform Plan to the effect that the Plan is a voluntary agreement for granting automobile liability insurance to those unable to secure it for themselves is omitted from the Florida Plan. In its place is the following heading:

FLORIDA AUTOMOBILE ASSIGNED RISK PLAN, PURSUANT TO
SECTION 13 OF THE MOTOR VEHICLE SAFETY RESPONSIBILITY
ACT, CHAPTER 23626 (No. 12) LAWS OF 1947.

There is no other statement in this Plan indicating the voluntary nature of the agreement.

Section 1. The purpose Clause is that of the Old Style Plan, i.e., "to provide a means by which a risk that is in good faith entitled to automobile bodily injury and property damage liability insurance in the State, but is unable to secure it for itself,"

Section 2. The effective date is stated rather than its being when all of the carriers have subscribed to the Plan.

Section 9. This section on Eligibility is a combination of the corresponding provisions of both the Old Style and

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PHILOSOPHY 101

LECTURE NOTES

BY

DR. J. M. GREGG

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the Uniform Plan. The "good faith requirement" is applicable under this Plan and is the same as that stated in the first paragraph of Section 22 of the Old Style Plan. An additional conviction, "driving motor vehicle in any manner in violation of the restrictions imposed by a restricted license," is added to the customary list of ten. The detailed account of the disability requirements is essentially the same as that found in Section 23 of the Old Style Plan. The rest of this section corresponds to Section 9 of the Uniform Plan.

Section 23. This section, Amendments to Plan, is not found in the Uniform Plan. It provides that the Commissioner of Insurance may, after consultation with the insurers, make reasonable amendments to the Plan.

Georgia. - This is the Old Style Plan, effective March 1, 1948, a copy of which will be found in Appendix A of this thesis.

Idaho. - This is the Old Style Plan and was effective May 7, 1947. It differs in the following respects:

Section 1. This section limits the scope of the Plan to apply only to those risks not specifically excluded from the Idaho Safety Responsibility Law.

Section 4. The above limitations apply also to non-residents with respect to automobiles registered in the State.



Section 7. As in the Arkansas Plan, this section also provides that individuals authorized by the Committee to sign checks or drafts on behalf of the Committee shall give a bond for the faithful and honest discharge of their duties and for the faithful and honest receipt, custody, and disbursement of the funds of the Idaho Automobile Assigned Risk Plan.

Section 20. Only two letters of refusal are required of the applicant instead of the customary three.

Section 22. The statement that the applicant must be in the judgement of the Committee in good faith - the "good faith requirement" - is omitted.

Section 23. Epilepsy is not considered a major physical disability and applicants subject to it are not specifically excluded as in most other plans, but they are subject to investigation and required to submit satisfactory medical certificates.

Section 30. All private passenger motor vehicles are subject to Class "B" rates as the base before the additional charges are added.

Section 60. Under subsection (d), iii of this section referring to accidents occurring during the reviewed period for third and subsequent renewals, only those accidents resulting in damages of an amount in excess of \$50.00 are considered.

Illinois. - This is the Old Style Plan and was effective

October 1, 1940. It differs in the following respects:

Section 1. This is a limited plan and applies only to those risks subject to the Illinois Financial Responsibility Law or the Illinois Truck Act and not specifically excluded therefrom.

Section 4. The above limitations apply also to non-residents with respect to automobiles registered in the State.

Section 5. The Plan is administered solely by the Governing Committee without a Plan Manager. A member from the Central Automobile Bureau, an organization which is local, is a representative on this five-man committee. For those sections of other plans which refer to the duties of the Plan Manager, the corresponding provisions of this Plan will necessarily refer to them as duties of the Committee, and unless the provisions are materially changed, no mention will be made of this variation.

Section 7. This Plan also provides that individuals authorized to sign checks or drafts on behalf of the Committee shall give a bond in such sum as the Committee may require for the faithful and honest discharge of their duties and for the faithful and honest receipt, custody and disbursement of the funds of the Committee.

Section 22. The "good faith requirement" is eliminated and a specific list of eligibility rules is substituted therefor.

Section 23. Total deafness is considered a major physical disability except where continued operation of the automobile is considered essential.

Section 83. Assignments are made on the basis of unanimous action by the Assignment Committee with not less than three members constituting a quorum. This provision is, of course, significant because of the lack of a Plan Manager.

Indiana. - This is the Uniform Plan but embodies some very significant differences. The Plan was effective December 10, 1948 and differs from the Uniform Plan in the following respects:

Section 1. The Plan is limited to risks not specifically excluded from the Indiana Motor Vehicle Safety-Responsibility Act.

Section 4. The Governing Committee consists of six subscribers including one member from the Hoosierland Rating Bureau, Inc., a local organization peculiar to Indiana.

Section 6. This provision for the distribution and assignment of risks is essentially that in Section 83 of the Old Style Plan except that no statement is made regarding the facilities of the insurer for servicing the risk. Allowance is also made for risks involving more than one car to be assigned to more than one subscriber when necessary. The provisions under this section of the Uniform

1. The first part of the paper discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the success of any business and for the protection of the interests of all parties involved. The author argues that without accurate records, it is impossible to make informed decisions or to identify areas for improvement.

2. The second part of the paper describes the various methods used to collect and analyze data. It outlines the steps involved in designing a study, selecting a sample, and collecting data. The author also discusses the importance of ensuring the reliability and validity of the data collected.

3. The third part of the paper presents the results of the study. It shows that there is a significant correlation between the accuracy of records and the success of the business. The author also identifies some of the factors that can lead to inaccurate records, such as poor training or lack of resources.

4. The fourth part of the paper discusses the implications of the findings. It suggests that businesses should invest in training and resources to ensure that their records are accurate. The author also suggests that governments should consider implementing regulations to ensure that businesses maintain accurate records.

5. The fifth part of the paper concludes the study. It summarizes the main findings and suggests areas for further research. The author also expresses his appreciation to the people who helped him with the study.

Plan designed to recognize the servicing facilities of a carrier and allow extra assignment credit for extra-hazardous risks is omitted completely from the Indiana Plan.

Section 9. This section is a combination of the eligibility requirements provisions of both the Old Style and the Uniform Plans. An applicant must certify that he has been refused insurance from at least three authorized companies but he is not required to furnish letters to that effect. The disability provision is the same as in the Old Style Plan except that epilepsy is not considered a major disability although such applicants are subject to investigation and required to submit satisfactory medical certificates.

Section 10. In addition to stating the coverages applicable (5/10/5) this section also provides that an insurer may endorse a policy to void the insurance for the following reasons:

1. If others than the applicant use the automobile and present a greater hazard than that contemplated, the insurance shall be void while such other individuals are operating the automobile.
2. The insurance is void while an individual is operating the automobile in violation of an operator's license restriction.
3. The insurance is void if the automobile is operated by an individual who has failed to be re-certified as provided for in Section 22, or

who is denied a current year's operator's license when applying for it.

This provision which enables an insurer to void the insurance invokes further limitations to an already limited plan, and they could very easily bring about those undesirable results which the unlimited plans seek to eliminate, i.e., undue criticism of the Plan, loss of good-will, and intervention by the State.

Section 22. Under this section of the Indiana Plan, the designated insurer may request the re-certification of any risk applying for coverage as in the same provision of other plans, but it goes further. "To assist the State in its efforts to attain greater safety on the public highways," the Manager must request the Director of the Division of Drivers Examiners of the Bureau of Motor Vehicles to re-certify the ability to continue to hold an operator's license of applicants over 65 years of age or who have any of the physical disabilities enumerated in Section 9 (other than the loss of one eye). This is the only assigned risk plan which has such a provision requiring an insurer to request re-certification of certain types of risks, and it is significant because it represents an attempt by the State and the Insurance Industry to join forces in an effort to eliminate some of the more dangerous drivers from the highways.

The paragraph referring to the re-certification of assigned risks required to file evidence of Financial

Responsibility is omitted from the Indiana Plan.

Iowa. - This is the Uniform Plan and was effective June 15, 1948. There is one minor difference in this Plan:

Section 21. The commissions allowed are to be "not more than" 5% and 10%. Although the change is minor, the insertion of these three words imply that the commissions stated could be reduced or eliminated, but they could not be increased without amending this section of the Plan.

Kentucky. - This is the Uniform Plan and was effective August 20, 1948. This Plan also has but one minor difference:

Section 4. The Governing Committee consists of but four members. A subscriber from the National Association of Independent Insurers is not provided for.

Louisiana. - This is the Old Style Plan and was effective March 15, 1948. It differs in the following respects:

Section 1. The Plan is limited to only those risks required by any law of the state to carry automobile liability insurance. In the absence of a Financial Responsibility Law in the State of Louisiana, the Plan would necessarily apply only to such extra-hazardous risks as public passenger carrying vehicles, public livery, taxicabs, and the few other types which would be required by law to carry insurance. The provisions of this Plan are, therefore, of little value to the general public, and consequently,

although the insurance companies are apparently fulfilling their obligation to write insurance when it is required by law and thus reduce the threat of state intervention, other perils, such as public criticism and loss of valuable goodwill, still remain.

Section 5. The Governing Committee consists of four subscribers as in the Georgia Plan (see Appendix A, Sec. 5).

Sections 20 and 21. No letters of refusal are required under this Plan and these two sections are necessarily eliminated.

Section 26. The paragraph referring to the re-certification of assigned risks required to file evidence of Financial Responsibility is omitted.

Section 83. The Distribution and Assignment of Risks Section of this Plan is the same as in other Old Style Plans except that it adds the following qualification:

Eligible risks are to be assigned on the basis of assigning a risk that was formerly insured in a stock company to the next stock company in line for an assignment, and a risk formerly insured in a non-stock company to the next non-stock company in line for an assignment. Risks previously uninsured will be assigned to a company belonging to the group (stock or non-stock) which the agent submitting the risk for assignment represents.

This, of course, merely outlines the procedure to be followed by the Plan Manager, and although such is not specifically stated in any of the other plans, this procedure could be, and probably is, used under many of the plans now in effect.

Minor changes in Sections 22 and 30 of the Louisiana

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Plan do not alter their meaning materially.

Maine. - This is the Old Style Plan and was effective (2nd Revision) May 1, 1943. As will be noted below a new Plan is being considered for the State of Maine and should be adopted in the near future. The present Plan differs from the Old Style Plan in the following respects:

Section 5. This Plan is administered by the Manager of the Northeastern Branch of the National Bureau of Casualty Underwriters, Portland, Maine. This Manager administers the New Hampshire and Vermont Plans also, and his capacity is that of both the Governing Committee and Plan Manager.

Section 6. This section dealing with the duties of the Manager requires only that he report semi-annually to all subscribers the assignments made under the Plan for the preceding six months. Other duties necessary to the proper administration of the Plan are implied and not specifically set out in the Plan.

The paragraph which introduces Article II of the Plan states, "The following rules shall govern the insuring of risks which ... are required to carry financial responsibility insurance by any law of this State." This statement has the effect of limiting the Plan even though the Purpose Clause (Section 1) indicates an unlimited scope.

Section 22. This section omits the "good faith requirement" found in the Old Style Plan.

Section 23. Epilepsy is not considered a major

The first part of the book is devoted to a general history of the United States from its discovery by Columbus in 1492 to the present time. It covers the early years of settlement, the struggle for independence, the formation of the Constitution, and the growth of the nation to its present boundaries. The second part of the book is devoted to a detailed history of the United States from 1789 to the present time. It covers the administration of George Washington, the administration of John Adams, the administration of Thomas Jefferson, the administration of James Madison, the administration of James Monroe, the administration of John Quincy Adams, the administration of Andrew Jackson, the administration of Martin Van Buren, the administration of William Henry Harrison, the administration of John Tyler, the administration of James K. Polk, the administration of Zachary Taylor, the administration of Franklin Pierce, the administration of James Buchanan, the administration of Abraham Lincoln, the administration of Andrew Johnson, the administration of Ulysses S. Grant, the administration of Rutherford B. Hayes, the administration of James A. Garfield, the administration of Chester A. Arthur, the administration of Grover Cleveland, the administration of Benjamin Harrison, the administration of William McKinley, the administration of Theodore Roosevelt, the administration of William Howard Taft, the administration of Woodrow Wilson, the administration of Warren G. Harding, the administration of Calvin Coolidge, the administration of Herbert Hoover, the administration of Franklin D. Roosevelt, the administration of Harry S. Truman, the administration of Dwight D. Eisenhower, the administration of John F. Kennedy, the administration of Lyndon B. Johnson, the administration of Richard M. Nixon, the administration of Gerald R. Ford, the administration of Jimmy Carter, the administration of Ronald Reagan, and the administration of George H. W. Bush.

disqualifying disability but is subject to the same conditions provided for applicants suffering from cardiac or similar conditions.

Section 26. In requesting the re-certification of an assigned risk, most plans require the designated carrier to direct its request to the Commissioner of the Motor Vehicle Division, however, under this section of the Maine Plan, carriers direct such requests to the Manager who in turn directs them to the Insurance Department which in turn directs them to the Motor Vehicle Department. This seems like a great deal of red tape for a relatively simple request, and the procedure could be speeded up considerably if some of these channels were eliminated.

Section 27. This section is the same as the corresponding section of the Old Style Plan and requires that an applicant rejected for cause, and the rejection sustained, shall not be eligible to re-apply for coverage under the Plan until one year has elapsed from the date of such rejection. Emphasis is given to the fact that the rejection must have been sustained, and this leads to a somewhat puzzling situation. Just how is a rejection sustained under the Maine Plan? An appeal to the Governing Committee or to the Insurance Commissioner under other plans can sustain such a rejection, but in the absence of this right of appeal or of a similar provision in the Maine Plan, there is no procedure set down for sustaining a

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rejected application. If the Manager is the one who sustains a rejection, it follows that any application which he refused or rejected would necessarily be sustained and the emphasis, or even the mention, of this requirement would be unnecessary.

Section 60. Third and subsequent renewals become normal business, as under this section of the Old Style Plan, unless during the reviewed period the insured or anyone who will drive the automobile has been convicted for any of the offenses cited in Section 22 of the Plan, or has been convicted of a felony. These are the only two exceptions. Section 60, (c) iii of the Old Style Plan is omitted from this Plan.

The Maine Plan has no right of appeal for an applicant or a subscriber, and the provisions of Article VII, Section 70 of the Old Style Plan are necessarily omitted. Article VII, Sections 70-79 of this Plan correspond to Article VII, Sections 80-88 of the Old Style Plan.

Section 74. The provisions of this section and Section 73 of the Maine Plan are included in the single Section 83 of the Old Style Plan.

Proposed Maine Plan. - The Maine Automobile Assigned Risk Plan, discussed above, is the one in force at the time of this writing but it is in the process of being revised in favor of a new Plan. This new Plan was to be made effective February 15, 1949, but some last-minute objections

delayed its adoption at that time. The Plan has not as yet met with the approval of all parties concerned but a revision similar to the one to be discussed is expected to be adopted momentarily. Although this Proposed Maine Plan is the one that met with some objections, it nevertheless merits discussion as the form which will finally prove acceptable will undoubtedly bear a very close resemblance to it. Furthermore, this is the Plan that will soon be adopted by New Hampshire and Vermont.

The Proposed Maine Plan is styled after the Uniform Plan but offers considerable difference in many respects:

Section 4. As under the present Maine Plan, the administration is in the hands of Manager of the Northeastern Branch of the National Bureau of Casualty Underwriters and there is no Governing Committee.

Section 5. This Section, Duties of Manager requires only that the Manager report annually to all subscribers the assignments made under the Plan for the preceeding twelve months.

Section 6. This Section, Distribution and Assignment of Risks, is the same as Section 83 of the present Old Style Plan. There are no provisions which recognize the servicing facilities of a carrier for handling certain types of risks as found in the corresponding section of the Uniform Plan.

Section 9. This Section, Eligibility, is the same as

the corresponding section of the Uniform Plan except that epilepsy is not considered a major disability but is subject to the same conditions provided for applicants suffering from heart ailments and nerve illness.

Section 11. The investigation fee of \$5.00 per car to a maximum of \$50.00 per risk is returnable not only if the applicant is ineligible for assignment under the Plan but also if an additional surcharge is approved under Section 17 and the applicant fails to accept the coverage. No other plan has such a provision, and while it is conceded that such a situation would not arise frequently, the merits and justification for it are well founded as it will tend to eliminate at least one source of possible criticism.

Section 13. This section is a provision taken from the Old Style Plan and states:

Any assigned risk which is dissatisfied with the designated carrier may request re-assignment upon expiration.

Section 13 of the Uniform Plan provides for the three year assignment period and such does not apply under the Maine Plan.

Section 14. This section is very similar to Sections 43 and 60 of the present Old Style Plan. Notification of the applicant as to whether a policy will be issued or not must be made within fifteen days after receipt of assignment from the Manager by the designated carrier. This provision and the renewal procedures are the same as those given under the present plan.

The paragraph in Section 14 of the Uniform Plan regarding the applications of risks formerly insured by carriers whose authority to do business has been terminated is omitted from the proposed plan.

Section 16. Only additional premium charges of 10% for public passenger carrying vehicles and long haul trucking risks and 15% for all others are applicable. The 25% additional charge for those risks specified under the Uniform Plan do not apply here.

Section 18. In outlining the procedure for cancelations, the statement found in the Uniform Plan which requires the carrier canceling the policy to advise the insured of his right of appeal is omitted from this Plan. This omission is necessary due to the provision under Section 19 (see below).

Section 19. Any assigned risk which is canceled is not eligible for further consideration until the Manager is fully satisfied that the risk is in good faith entitled to insurance under the Plan. This is, of course, the same as Section 50 (b) of the present plan while the provision under Section 19 of the Uniform Plan deals with the applicant's right of appeal. As under the present plan there is no right of appeal under this proposed plan, and this is due primarily to the lack of a Governing Committee to which an appeal could be made. Nothing could be gained by allowing an applicant to appeal his grievance to the Plan Manager, the person who gave him such cause for dissatisfaction. An appeal directly to the Insurance Commissioner might

conceivably be justified. Here too, however, the lack of initial judicial authority by components of the Plan would render such a provision unjust and unfair, in many instances, to both the subscribers to the Plan and the applicants.

Section 20. This section, Re-Eligibility of Rejected Applicants, is the same as Section 27 of the present Old Style Plan and the same question as to how a rejection is sustained is raised.

Section 22. In requesting the re-certification of an assigned risk, the request must be channeled the same as under Section 26 of the present Maine Plan instead of directly to the Commissioner of Motor Vehicles.

Maryland. - This is the Old Style Plan and was effective October 1, 1945. It differs in the following respects:

Section 1. This Plan is limited to risks not specifically excluded from the Maryland Motor Vehicle Financial Responsibility Law.

Section 4. The above limitations apply also to non-residents with respect to automobiles registered in the State.

Section 5. Provision is made for a four man Governing Committee similar to that of the Georgia Plan (Appendix A).

Massachusetts. - The Massachusetts Motor Vehicle Assigned Risk Plan was effective November 16, 1939, with amendments to October 15, 1948. Although this a voluntary assigned risk plan, as contrasted with the statutory plan of California, it is not considered the same as the voluntary plans of

other states because of the peculiar situation created by the Compulsory Insurance Law in Massachusetts. The Plan has been designed to meet the needs of a different situation than that existing in any other state. With but few exceptions, the insurance companies must provide a means of insuring virtually every motor vehicle that is operated in Massachusetts, and the assigned risk plan designed to provide a means by which a risk that is unable to obtain insurance for himself to be assigned to an insurance company must necessarily eliminate many of the restrictions and exclusions that would be allowable in other states. The purposes of this Plan are essentially the same as those of other voluntary plans, but with the advent of compulsory insurance, the motivating forces are much greater and the limitations imposed are fewer. It is for these reasons that many do not consider the Massachusetts Plan a voluntary plan at all, but rather, even as its law, they consider it a compulsory assigned risk plan. The compulsion for the Plan was, however, the same as in other states, only to a greater degree.

The Compulsory Insurance Law of Massachusetts required that a motor vehicle need carry only compulsory insurance coverage, i.e., \$5,000 - \$10,000 bodily injury liability on the ways of the Commonwealth, to satisfy the statute, and formerly, this was the only coverage available under the Assigned Risk Plan. The Revised Plan eliminates this restriction, and now all coverages, with no expressed limitation, are available to assigned risks except that coverages



in addition to compulsory coverage shall be available to motorcycles only at the option of the company.

Risks subject to the Compulsory Insurance Law are assigned for a period terminating on December 31st of the year for which the assignment is made. Risks not subject to this law are assigned for a twelve months' period.

In order for an applicant to be eligible for insurance under the Plan he must furnish evidence of his inability to obtain insurance voluntarily. Such evidence may consist of one of the following:

1. A completed application, dated within sixty days of the date of application for assignment, on which a company or agent has noted that the risk is not acceptable.
2. Notice of Intent Not to Renew⁽¹⁾
3. Notice of Refusal to Renew⁽²⁾

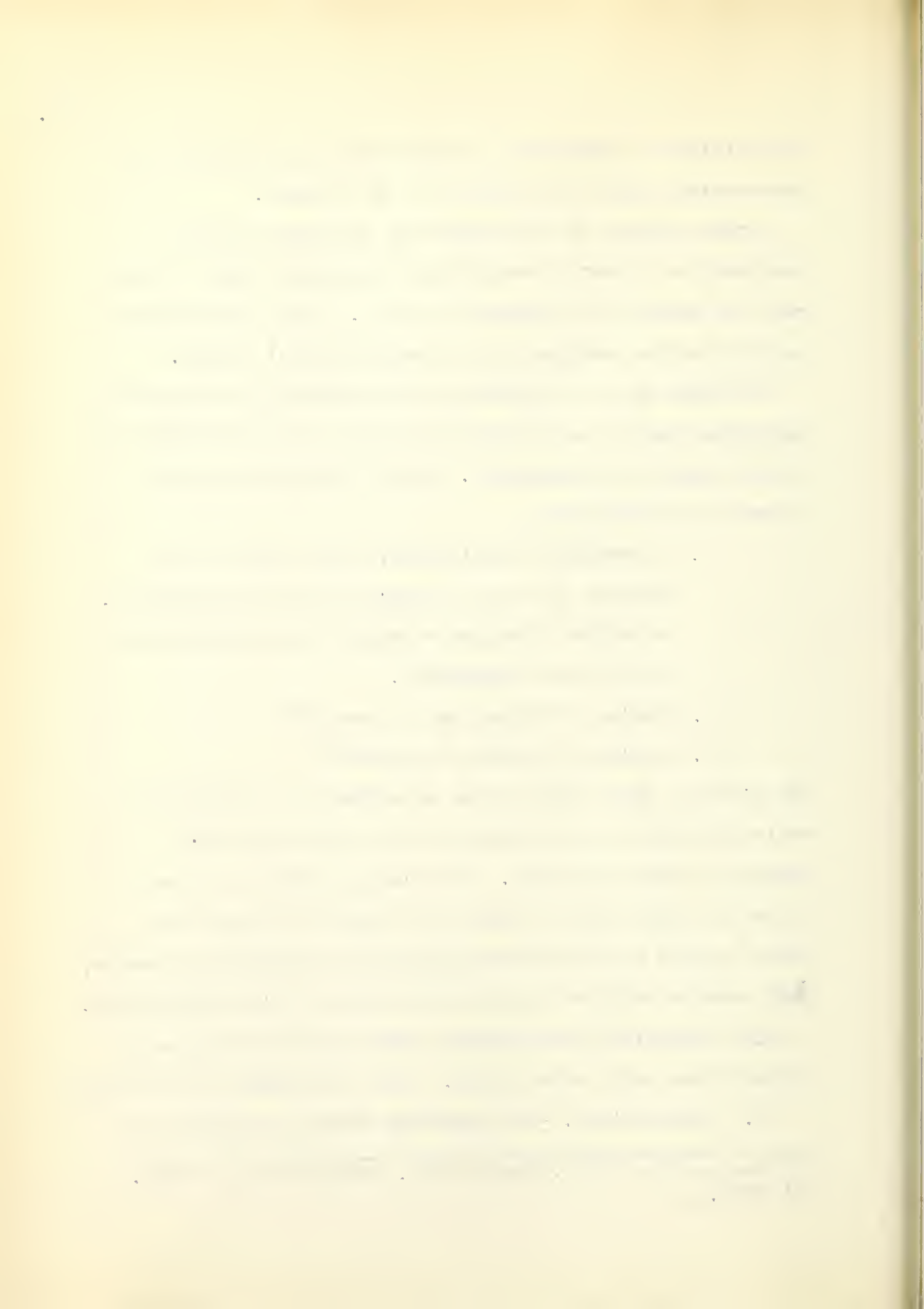
The first of these three forms of evidence is designed to apply primarily to new risks and the second and third apply to renewal business. If a company fails to issue a Notice of Intent Not to Renew or a Notice of Refusal to Renew subject to the statutory provisions applicable thereto, that carrier shall be required to renew the risk voluntarily.

The eligibility requirements under this Plan are more lenient than under other plans. They are summed up as follows:

1. Cancellations. - No applicant shall be eligible if

(1) See Section 113 F, Chapter 175, General Laws of Mass.

(2) Ibid.

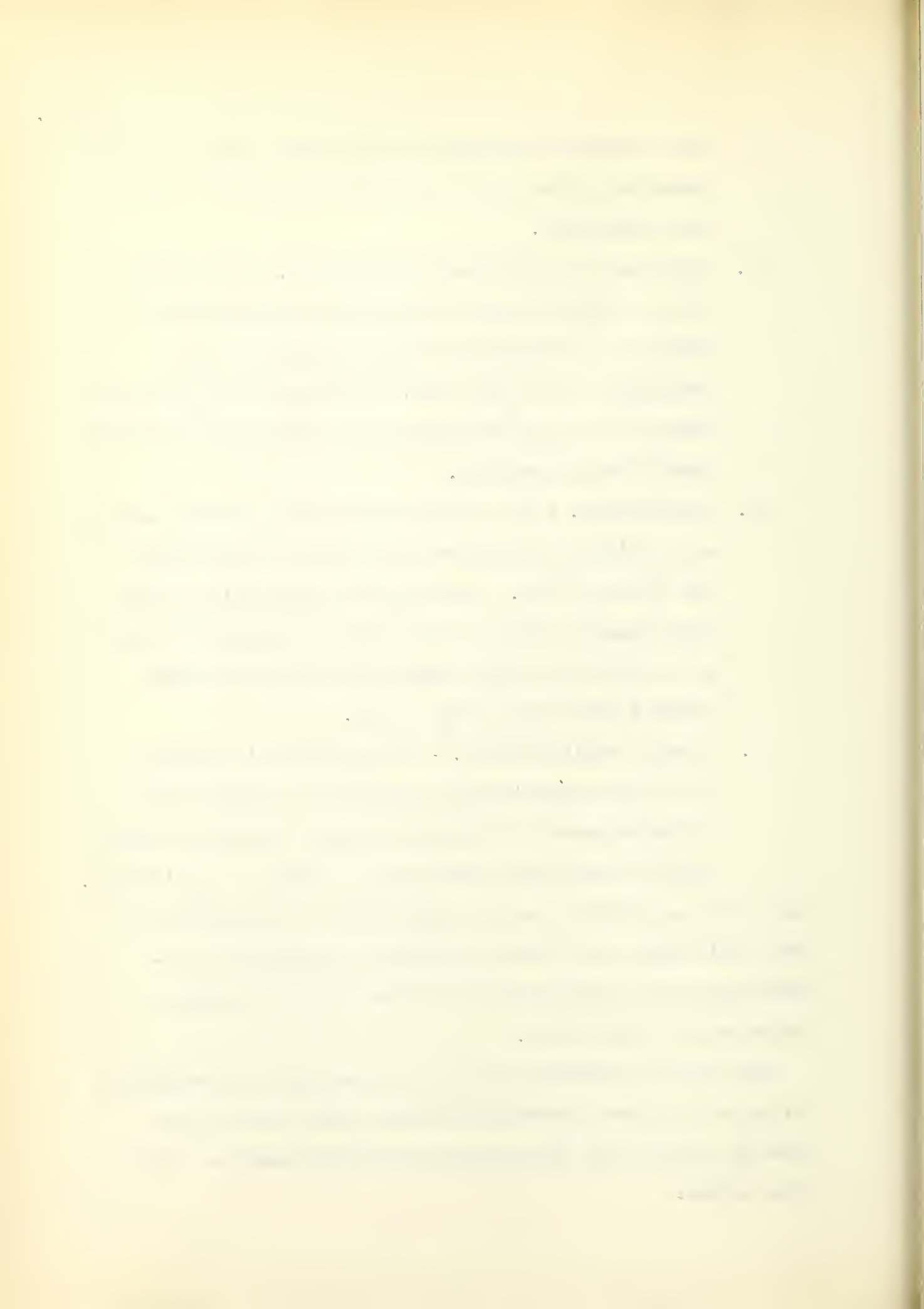


an automobile liability policy issued him has been canceled during the same year in which he applies for assignment.

2. Sustained Cancelations and Refusals. - No applicant will be eligible for any year if a cancelation of a policy or a refusal to issue a policy to such applicant is, or has been, sustained by the Board of Appeal or by the Superior Court during the 12 months immediately preceding.
3. Convictions. - The list of convictions which renders an applicant ineligible is the same as that under the Uniform Plan. However, the time limit of the Massachusetts Plan is five years preceding the date of application rather than the three-year period allowed under most other plans.
4. Illegal Registrations. - No applicant is eligible if he has intentionally registered a motor vehicle in Massachusetts illegally during a period of twelve months immediately preceding the date of application.

There are no restrictions or limitations for disabilities under this Plan, and those suffering from physical disabilities may be assigned if they are unable to obtain insurance for themselves.

The Plan is administered by the Massachusetts Automobile Rating and Accident Prevention Bureau which acts in the capacity of both the Manager and Governing Committee under other plans.



There is no provision for commissions or field supervision allowances under this Plan, nor are additional premium charges on assigned risk business provided for.

The method of, and basis for, assignments is different than that of other plans. Taxicab and public livery vehicles are assigned to companies having less than their proportionate share of such risks. This is calculated on the basis of a company's proportionate share of the total compulsory coverage premium writings as well as its proportionate share of the total taxicab and public livery exposure. The basis of assignment of all other risks is the pro rata of the total casualty, fidelity, and surety insurance premium writings of each company in Massachusetts. This basis varies considerably with other plans which use only the automobile bodily injury liability premium writings of the companies.

A supplement to the Massachusetts Plan for 1949 is "designed to reduce the number of assignments through encouragement of carriers to retain existing business and to write new business voluntarily." In essence, this supplement requires that a primary quota, equal to 110% of the total number of vehicles refused renewal by carriers, will be assigned first. The remainder of the risks will then be assigned according to the normal method of assignment or secondary quota as discussed above. (This supplement does not apply to taxicab or public livery vehicles.) In other words, if a carrier did not renew 500 risks, that



carrier would be assigned 550 risks before the remainder of the risks were apportioned among the rest of the companies. These primary quotas are based solely on the number of cars for which non-renewal or refusal notices are issued while the secondary or normal quotas are based solely upon premium volume. This provision is the supplement's encouragement to carriers to retain existing business. The provisions of Section II of this supplement are designed to encourage carriers to write new business voluntarily, and are as follows:

Each carrier shall receive credit against assignments otherwise distributable to it for voluntary acceptance of risks in the following categories:

- (a) Risks which had no compulsory motor vehicle insurance at any time during 1948, provided the car or cars involved were not registered by another member of the applicant's immediate family during 1948.
- (b) Risks to whom either a Notice of Intent Not to Renew or a Notice of Refusal to Renew was sent by another authorized carrier, with respect to coverage in 1949.
- (c) Cars which are additional units on risks already assigned for 1949 and which are not transfers or replacements.

The provisions of this supplement are a radical departure from the rest of the automobile assigned risk plans. The principal reason for this is that a greater number of risks would necessarily be thrown into the Assigned Risk Plan because of the Compulsory Insurance Law, and the Plan was neither designed nor intended to handle the volume of business which it had been getting prior to the addition of the Supplement.

A great deal has been said and a great deal more could

THE UNIVERSITY OF CHICAGO
CHICAGO, ILLINOIS

DEPARTMENT OF CHEMISTRY
JANUARY 10, 1925

TO THE HONORABLE
THE PRESIDENT OF THE UNIVERSITY OF CHICAGO
CHICAGO, ILLINOIS

SIR:

I have the honor to acknowledge the receipt of your letter of the 10th inst.

and in reply to inform you that the same has been forwarded to the proper authorities for their consideration.

I am, Sir, very respectfully,
Yours truly,
J. H. VAN VORST

Professor of Chemistry
The University of Chicago
Chicago, Illinois

Enclosed for the President are two copies of a report on the progress of the work of the Department of Chemistry during the year 1924.

I am, Sir, very respectfully,
Yours truly,
J. H. VAN VORST

Professor of Chemistry
The University of Chicago
Chicago, Illinois

be said concerning the merits of the Massachusetts Motor Vehicle Assigned Risk Plan, but since it is a special Plan unique to its own needs and since it has very little in common with other assigned risk plans, a complete discussion would not further the purpose for this thesis. The Plan is peculiar to the compulsory insurance requirements and many of its differences from other plans are not only justifiable but necessary.

Michigan. - The Michigan Automobile Assigned Risk Plan was effective August 12, 1943, and was revised July 15, 1948. This revised form is patterned after the Uniform Plan although it offers some important changes. It differs from the Uniform Plan in the following respects:

Section 4. The governing Committee consists of seven members instead of the usual five. These include a member of the National Bureau of Casualty Underwriters, a member of the Mutual Casualty Insurance Rating Bureau, two members from the non-affiliated stock insurers, two members from the non-affiliated mutual insurers, and a member from the reciprocal or inter-insurance exchange.

Section 6. The Distribution and Assignment of Risks Section is essentially the same as that under the Old Style Plan (Sec. 83) with the following additions and qualifications:

1. One credit is given for each private passenger car and locally operated truck.
2. Six credits are given for each public passenger carrying vehicle, long-haul unit, ambulance, or bus.

3. When higher than standard limits are required the following additional credits apply:
 - a. Seven credits are given for each long-haul trucking risk.
 - b. Eight credits are given for each ambulance or public passenger carrying vehicle (except buses).
 - c. Nine credits are given for each automobile bus.

This method of assigning these extra-hazardous risks on a basis of assignment credits is not necessarily of greater benefit to an insurer than the \$2.00 for \$1.00 premium basis allowance under the Uniform Plan because the premium for one of these risks will, in many instances, be greater than six or even nine times that of a private passenger car or locally operated truck, and when that premium is doubled the difference is considerably greater. This bonus arrangement under the Michigan Plan does recognize the facilities of the insurer for servicing these extra-hazardous risks by allowing extra assignment credit to those carriers which write them, and because of this, it is an improvement over the Old Style Plan. Experience will have to determine which of these two bonus methods is the more equitable.

Section 7. Instead of the minimum annual fee of \$5.00 from each subscriber for the administrative costs, that portion of the costs under this Plan is borne by the application fees provided for in Section 11. All expenses in excess of this income are handled as in other plans, i.e., proportionately among all subscribers according to their respective net direct automobile bodily injury premium writings.

Section 11. Application fees of \$3.00 per application are not returnable, except for risks not subject to assignment, nor are they credited against the policy premium, as under the Uniform Plan where the fee is to defray the necessary expenses of investigating the risk. In Michigan it is used to help pay the administrative costs of the Plan as pointed out above.

Section 19. The wording of the Right of Appeal Section is the same as that under Section 70 of the Old Style Plan allowing an applicant or a subscriber to appeal any grievance respecting the operation of the Plan.

Section 21. The commissions allowed under this section are $2\frac{1}{2}\%$ for long-haul trucking risks and public passenger carrying risks and $7\frac{1}{2}\%$ for all others. A field supervision allowance of $2\frac{1}{2}\%$ applies to all risks.

Minnesota. - This is the Uniform Plan and was effective January 1, 1949. The only variation from the Uniform Plan is in the following section:

Section 4. The Governing Committee consists of four subscribers. A member from the National Association of Independent Insurers is not provided for.

Mississippi. - This is the Uniform Plan and was effective July 19, 1948. The only variation from the Uniform Plan is in the following section:

Section 1. The Plan is limited to only those risks which are required by state law or by regulation of a

governmental or public body to carry automobile liability insurance.

in the absence of a Financial Responsibility Law in Mississippi, this limited Plan is available only to such risks as public livery, taxicabs, public passenger carrying vehicles and others that are required to carry such insurance.

Missouri. - This is the Old Style Plan and was effective March 10, 1947. It differs in the following respects:

Section 1. The Plan is limited to only those risks not specifically excluded from the Missouri Motor Vehicle Safety-Responsibility Act.

Section 4. The above limitation applies also to non-residents with respect to automobiles registered in the State.

Section 7. There is no provision for the Governing Committee's appointing the Plan Manager, and individuals authorized to sign checks or drafts on behalf of the Committee shall give a bond in such sum as the Committee may require for the faithful and honest discharge of their duties and for the faithful and honest receipt, custody and disbursement of the funds of the Committee.

Section 23. Total deafness is considered a major physical disability except in those cases where the continued operation of an automobile is considered essential to the operator's business, occupation, or well being.

Nebraska. - This is the Old Style Plan and was effective January 1, 1949. The original Nebraska Plan was put into effect July 1, 1946, and although the Uniform Plan was submitted for adoption, this Plan retained its original form but added two of the changes offered by the Uniform Plan. It differs from the Old Style Plan in the following respects:

Section 1. The Plan is limited to those risks not specifically excluded from the Nebraska Motor Vehicle Safety Responsibility Law.

Section 4. The above limitations apply also to non-residents with respect to all automobiles registered in the State.

Section 20. The three letters of refusal are not required under the Nebraska Plan. This section, instead, provides that the applicant certify that he has been unable to obtain insurance as under the Uniform Plan.

Section 21. (This Section corresponds to Section 22 of the Old Style Plan.) The statement that the applicant must be in the judgement of the Committee in good faith entitled to such insurance, "the good faith requirement," is omitted from this Plan. An additional qualifying provision has been added by Subsection (b) which states that no applicant shall be eligible for insurance under the Plan if he, or anyone who will drive the automobile, has:⁽¹⁾

(1) See also Section 22 of the North Dakota Plan, p. 91.

- (1) During a 12 months' period immediately preceding the date of application, been convicted or has forfeited bail upon more than three charges of reckless driving.
- (2) Or had during a three years' period immediately preceding the date of application been convicted once for any of the offenses cited in paragraph (a) of this section, and during a 12 months' period immediately preceding the date of application been convicted or forfeited bail upon three charges of reckless driving.

Section 40. This section, Application for Assignment, provides for an investigation fee of \$5.00 per car subject to a maximum of \$50.00 per risk as under the Uniform Plan.

Section 85. Other special arrangements for the calculation of premiums and commissions must be registered with and approved by the Director of Insurance rather than with the Committee as provided for in most other plans. The commissions allowed, as under the Iowa Plan, are to be "not more than" 5% and 10%. This wording implies that the commissions might be reduced or eliminated but not increased.

New Hampshire. - New Hampshire had the first Automobile Assigned Risk Plan, effective May 10, 1938, and this formed the pattern for most of the other plans. Since its initiation, this New Hampshire Plan has been revised three times and still a fourth revision which will follow closely the pattern of the Proposed Maine Plan⁽¹⁾ is expected in the near future. The third revision of the New Hampshire Plan, effective April 12, 1943, is the one presently in use and

(1) See pp. 72-76.

its provisions will be cited in the following discussion. This is the Old Style Plan but differs in the following respects:

Section 5. This Plan is administered by the Manager of the Northeastern Branch of the National Bureau of Casualty Underwriters, Portland, Maine. This Manager administers the Maine and Vermont Plans also, and his capacity is that of both the Governing Committee and Manager.

Section 6. This section dealing with the duties of the Manager requires only that he report semi-annually to all subscribers the assignments made under the Plan for the preceding six months. Other duties necessary to the proper administration of the Plan are implied and not stated.

Section 22. This section omits the "good faith requirement" found in the Old Style Plan.

Section 23. Epilepsy is not considered a major disability and is subject to the same conditions provided for applicants suffering from heart ailments and nerve illnesses.

Section 26. In requesting the re-certification of an assigned risk, most plans require the designated carrier to direct its request to the Commissioner of Motor Vehicle Division, however, under this section of the New Hampshire Plan, carriers direct such requests to the Manager who in turn directs them to the Insurance Department which in turn directs them to the Motor Vehicle Department.

Section 27. This section of the Old Style Plan states

the requirements for the re-eligibility of rejected applicants. There is no corresponding provision in the New Hampshire Plan.

Section 30. An additional charge of 15% applies to all assigned risks, and, contrary to the provisions of most other plans, no distinction is made between long-haul trucking and public passenger carrying vehicles and all other risks.

Section 60. Third and subsequent renewals become normal business, as under this section of the Old Style Plan, unless during the reviewed period the insured or anyone who will drive the automobile has been convicted for any one of the offenses cited in Section 22 of the Plan or has been convicted of a felony. These are the only two exceptions. Section 60, (c) iii of the Old Style Plan is omitted from this Plan.

The New Hampshire Plan has no right of appeal for an applicant or a subscriber, and the provisions of Article VII, Section 70 of the Old Style Plan are necessarily omitted. Article VII, Sections 70-79 of this Plan correspond to Article VIII, Sections 80-88 of the Old Style Plan.

Section 74. The provisions of this section and Section 73 are included in the single Section 83 of the Old Style Plan.

Section 76. A commission of 10% and a field supervision allowance of $2\frac{1}{2}\%$ is provided for all assigned risks.

Proposed New Hampshire Plan. - The fourth revision of the New Hampshire Automobile Assigned Risk Plan was to become effective March 14, 1949, but certain objections by interested parties postponed its ratification at that time. This new plan should be adopted in the very near future.

New Jersey. - This is the Uniform Plan and was effective September 1, 1949. It differs in the following respect:

Section 16. Only the 10% and 15% additional charges are allowed for assigned risk business. Division (2) of this section of the Uniform Plan allowing for a 25% charge is omitted from the Plan.

New Mexico. - This is the Uniform Plan in its entirety and was effective July 1, 1948.

New York. - This is the Uniform Plan and was effective May 1, 1948. It differs in the following respects:

Section 6. New York has a special method of distributing the assignments of taxicab and public livery risks, and this is provided for in Section 6. Aside from this additional provision the section is that of the Uniform Plan.

Section 7. Some carriers are permitted to write certain business at rates that do not coincide with the manual rates, and such deviations, within this limited area prescribed, are approved. Provision is therefor made in this section and in Section 6 to adjust all premium writings to the standard manual rate basis for those subscribers having

approved deviations from standard manual rates before apportioning the assignments and expenses.

North Carolina. - This is the Old Style Plan and was effective July 1, 1947. It differs in the following respects:

Section 1. The Plan is limited by this section to only those risks not specifically excluded from the North Carolina Motor Vehicle Safety and Responsibility Act.

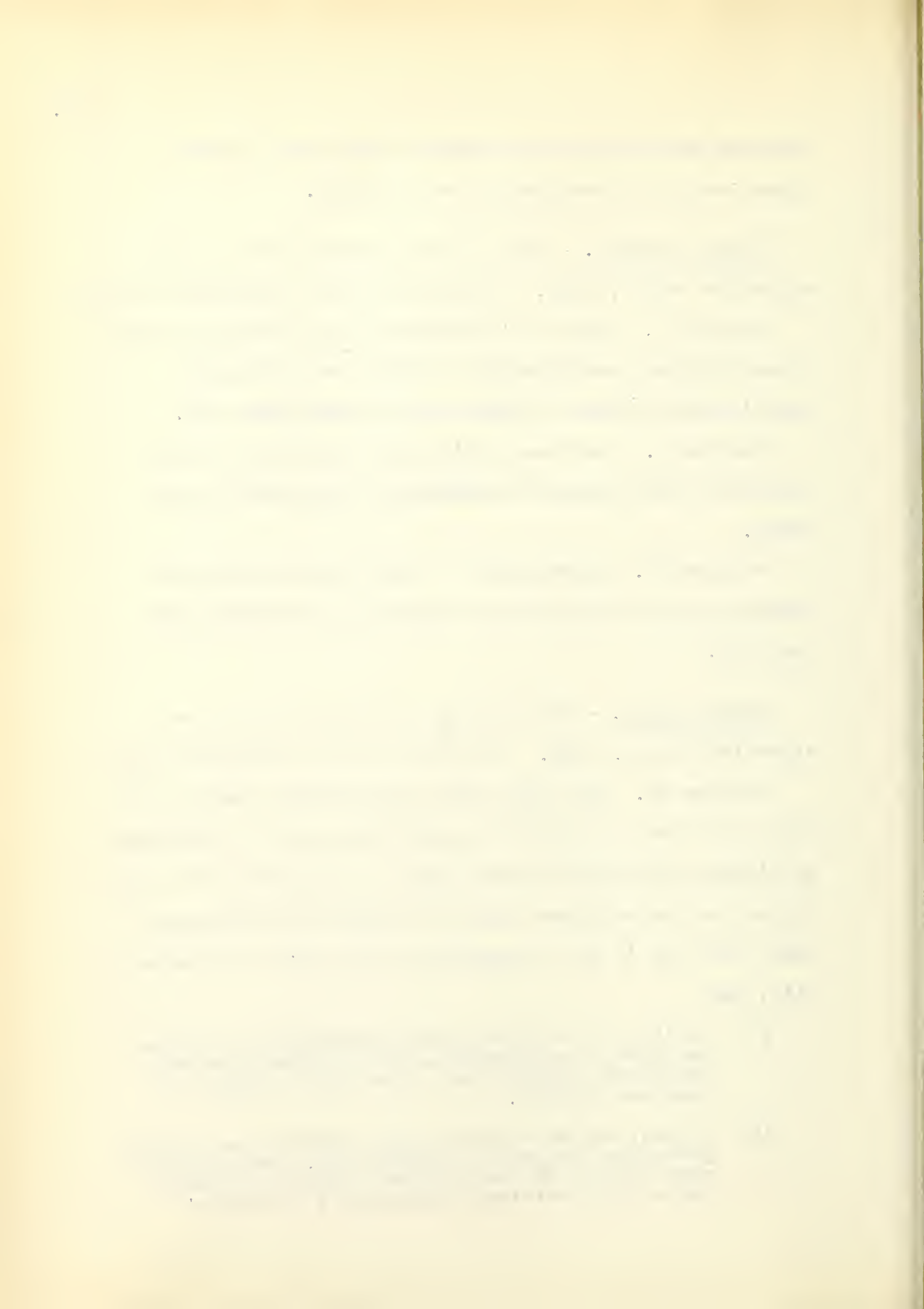
Section 4. The above limitations apply also to non-residents with respect to automobiles registered in the State.

Section 80. No provision is made for assessing the subscribers for the costs and expenses of administering the Plan.

North Dakota. - This is the Old Style Plan and was effective June 1, 1945. It differs in the following ways:

Section 22. The "good faith requirement" found in the Old Style Plan is omitted from this Plan, and an additional qualifying provision has been added by Subsection (b) which states that no applicant shall be eligible for insurance under the Plan if he, or anyone who will drive the automobile, has:

- (1) During a 12 months' period immediately preceding the date of application, been convicted or has forfeited bail upon more than three charges of reckless driving.
- (2) Or has, during a three years' period immediately preceding the date of application, been convicted once for any of the offenses cited in paragraph (a) of this section, and during a 12 months'



period immediately preceding the date of application, been convicted or has forfeited bail upon three charges of reckless driving.

Although all of the plans include provisions similar to this for reckless driving when it results in actual bodily injury or property damage, the North Dakota and the Nebraska Plans are the only ones that have this provision which recognizes excessive reckless driving.

Section 23. Epilepsy is not considered a major disability and is subject to the same conditions prescribed for cardiac and similar conditions.

Ohio. - This is the Uniform Plan and was effective January 1, 1949. It differs in the following respects: (The sections of the Plan are rearranged somewhat, and do not coincide with the corresponding section numbers of the Uniform Plan.)

Section 7. This Section, Reports of Premium Writings and Experience, is not found in the Uniform Plan, and it requires each subscriber to furnish annually not only the net direct motor vehicle bodily injury premium writings in the State for the previous year, but also its experience under the Plan.

Section 8. (Distribution and Assignment of Risks) - The distribution and assignment of risks is handled in a manner similar to that under the Michigan Plan.⁽¹⁾ Eight

(1) See Section 6, pp. 82-83.

assignment credits are allowed for each public passenger carrying vehicle, ambulance, invalid carriage and long-haul unit exceeding 100 miles. One assignment credit per unit is allowed for all other risks.

Section 10. (Eligibility) - Under this section, the provisions dealing with disabilities are essentially the same as Section 23 of the Old Style Plan except that although epilepsy is considered a major disability, such applicants are given individual consideration.

Section 11. (Extent of Coverage) - Virtually all of the plans provide that no subscriber shall be required to write a policy for limits in excess of the minimum limits required by law. This section in the Ohio Plan qualifies that provision with the statement, "No subscriber shall be required to write a policy for limits in excess of the minimum limits required by federal and state laws (not city and village ordinances)."

Section 17. (Rates) - Additional charges of 25% are applicable to those risks falling in one of the five classifications as enumerated under Section 16, 2 of the Uniform Plan and also to public passenger carrying vehicles, ambulances, invalid carriages and long-haul units (in excess of 100 miles). An additional charge of 15% is applicable to all others.

Section 23. (Re-Certification of Operator's License of Applicant or Principal Operator of the Motor Vehicle) - All

requests for re-certification, as provided in this section, are sent to the Manager of the Plan by letter and not to the Registrar of Motor Vehicles direct. Most other plans require that such requests be sent directly to the Motor Vehicle Division of the State.

Oregon. - This is the Uniform Plan and was effective October 15, 1948. It differs in the following respects:

Section 1. This section limits the Plan to risks not specifically excluded from the Oregon Motor Vehicle Financial Responsibility Law and commercial risks classed as "Private Carriers" under the Motor Transportation Code of Oregon and the regular and frequent use of which does not extend beyond a 50 mile radius of the principal place of garaging.

Section 6. This Distribution and Assignment of Risks Section is the same as Section 83 of the Old Style Plan except that no statement is made regarding the facilities of a carrier for servicing the risk. The provisions of Subsections (a) through (d) of the Uniform Plan are omitted entirely from the Oregon Plan.

Section 14. The paragraph referring to the assignment of a risk formerly insured by a carrier whose authority to do business has been terminated is omitted from this Plan.

Section 16. Additional charges of 10%, 15% and 25% for assigned risk business apply as in the Uniform Plan except that the 10% charge applies only to public passenger

carrying vehicles. Long-haul trucking risks would, therefore, be subject to the 15% charge. Subsection (d) of the Uniform Plan which requires an additional charge of 25% for those who have been involved as an owner or operator in a motor vehicle accident as a result of which they have been required to furnish proof of financial responsibility under a Financial Responsibility Law is omitted from the Plan. If such accidents resulted in bodily injury or property damage, however, they would come within the provisions of Subsection (a) regardless of whether or not proof of financial responsibility was required.

Section 21. In line with the above provision, the 5% commission is applicable on public passenger carrying vehicles.

Section 22. If a carrier desires the re-certification of a risk, it must send such request, including any and all pertinent information bearing on the motor vehicle operator's deficiencies or impairments, to the Governing Committee. The Governing Committee then reviews the request, and if it finds that such re-certification is justified, the Manager submits the necessary information to the proper State licensing authorities. The statement that the applicant will not be eligible under the Plan unless and until he is re-certified is not made a part of this section of the Oregon Plan.

Pennsylvania. - This is the Uniform Plan in its entirety and was effective September 1, 1948.

Rhode Island. - This is the Uniform Plan in its entirety and was effective September 1, 1948.

South Carolina. - This is the Uniform Plan and was effective June 14, 1948. It differs in the following respects:

Section 1. The Plan is limited to only those risks which are required by law or local ordinance to carry automobile bodily injury and property damage liability insurance. South Carolina has no Financial Responsibility Law.

Section 4. The Governing Committee consists of four members. A subscriber from the National Association of Independent Insurers is not provided for.

Tennessee. - This is the Old Style Plan and was effective January 26, 1948. It differs in the following respects:

Section 1. The Plan is limited to only those risks which are required by law of the State of Tennessee or ordinance of any municipality thereof to purchase automobile liability insurance.

Section 26. Paragraph referring to the re-certification of risks required to file evidence of Financial Responsibility is omitted from this section of the Plan.

Utah. - This is the Uniform Plan and was effective February 15, 1949. It differs in the following respects:

Section 1. This is a limited Plan, however, it is "available to all risks except those governed by Interstate Commerce Commission, Public Utilities Commission or other

The first part of the paper discusses the importance of maintaining accurate records of all transactions. It is essential for the business to have a clear and concise record of all income and expenses. This will allow the business to track its financial performance over time and identify areas for improvement. The second part of the paper discusses the importance of maintaining accurate records of all assets and liabilities. This will allow the business to track its net worth over time and identify areas for improvement. The third part of the paper discusses the importance of maintaining accurate records of all taxes paid. This will allow the business to track its tax liability over time and identify areas for improvement. The fourth part of the paper discusses the importance of maintaining accurate records of all debts. This will allow the business to track its debt liability over time and identify areas for improvement. The fifth part of the paper discusses the importance of maintaining accurate records of all equity. This will allow the business to track its equity over time and identify areas for improvement. The sixth part of the paper discusses the importance of maintaining accurate records of all other financial information. This will allow the business to track its overall financial performance over time and identify areas for improvement.

regulatory bodies of like nature." This Plan is more specific in its limitations and excludes only those extra-hazardous risks which would be included in the above mentioned classifications.

Section 4. The Governing Committee consists of four members. A subscriber from the National Association of Independent Insurers is not provided for.

Section 6. Inasmuch as the Plan excludes interstate truckmen subject to Interstate Commerce Commission regulation, the provisions in this section of the Uniform Plan regarding them are necessarily omitted from the Utah Plan.

Section 14. The paragraph referring to an assigned risk formerly insured by a carrier whose authority to do business had been terminated is omitted from this section of the Plan.

Vermont. - This is the Old Style Plan, 1st Revision effective April 23, 1943, and it is in the process of being changed in favor of the Plan proposed for Maine.⁽¹⁾ The present Plan of Vermont differs from the Old Style Plan in the following respects:

Section 1. This section limits the Plan to only those risks required to carry Financial Responsibility Insurance by any law of the State.

Section 4. The above limitations apply also to non-

(1) See pp.72-76.

residents with respect to automobiles registered in the State.

Section 5. This Plan is administered by the Manager of the Northeastern Branch of the National Bureau of Casualty Underwriters, Portland, Maine. This Manager administers the Maine and New Hampshire Plans also, and his capacity is that of both the Governing Committee and Manager.

Section 6. This section dealing with the duties of the Manager requires only that he report semi-annually to all subscribers the assignments made under this Plan for the preceding six months. Other duties necessary to the proper administration of the Plan are implied and not specifically stated.

Section 22. This section omits the "good faith requirement" found in the Old Style Plan.

Section 23. Epilepsy is not considered a major disability and is subject to the same conditions provided for applicants suffering from heart ailments and nerve illnesses.

Section 26. In requesting the re-certification of an assigned risk, most plans require the designated carrier to direct its request to the Commissioner of the Motor Vehicle Division, however, under this section of the Vermont Plan, carriers direct such requests to the Manager who in turn directs them to the Insurance Department which in turn directs them to the Motor Vehicle Department.

Section 27. This section dealing with the re-eligibility of rejected applicants is the same as Section 27 of the Old Style Plan, but in the absence of the right of appeal under the Vermont Plan it is not made clear just how an applicant's rejection is sustained, a prerequisite condition to his re-eligibility.

The Vermont Plan has no right of appeal for an applicant or a subscriber, and the provisions of Article VII, Section 70 of the Old Style Plan are necessarily omitted. Article VII, Sections 70-79 of this Plan correspond to Article VIII, Sections 80-88 of the Old Style Plan.

Section 74. The provisions of this section and Section 73 are included in the single Section 83 of the Old Style Plan.

Proposed Vermont Plan. - The second revision of the Vermont Automobile Assigned Risk Plan was to become effective February 1, 1949, but its ratification at that time was opposed by various factions. This latest revision should be adopted in the very near future. The Proposed Plan is the same as the Proposed Plans of Maine and New Hampshire (see p. 72) with the following difference:

Section 11. The statement is made that "the application for insurance under the Plan must be submitted to the Manager by a licensed Vermont Broker ..." The Mutual Insurance Companies objected to this requirement inasmuch as their agents are "company men" and would not be licensed Vermont brokers. It is expected that this requirement will

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be qualified so as to include representatives of Mutual Insurance Companies before the Plan is finally adopted.

Virginia. - The Commonwealth of Virginia is unique in that it has two automobile assigned risk plans - a voluntary plan as well as a statutory plan.⁽¹⁾ The statutory plan, however, supplements the voluntary plan and applies only to applicants who are rejected under the latter. The voluntary plan, effective January 4, 1945, is the Old Style Plan and differs in the following respects:

Section 5. The Governing Committee consists of four subscribers the same as under this section of the Georgia Plan (see Appendix A).

Section 22. This section omits the "good faith requirement" found in the Old Style Plan.

Section 70. Any applicant under the Plan or subscriber to the Plan who has a grievance respecting the operations of the Plan, may appeal in the first instance to the Governing Committee, as in most other plans, and the decision of the Committee may be further appealed to the State Corporation Commission whose decision shall be final. However, if an applicant subject to the Virginia Motor Vehicle Safety Responsibility Act is rejected for assignment under the provisions of this Plan, he may proceed under Section 92 of said Act to apply to the State Corporation

(1) Virginia Motor Vehicle Safety Responsibility Act, Chapter 384, Acts of 1944, Sections 92-96.

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Commission for assignment. He need not necessarily appeal first to the Governing Committee is he is subject to the Act.

The following is a brief summary of Sections 92-96 of the Virginia Motor Vehicle Safety Responsibility Act which govern the procedure under this statutory assigned risk plan:

Sec. 92. Every person subject to the Provisions of this Act who is unable to obtain an automobile liability policy shall have the right to apply to the State Corporation Commission to have his risk assigned to an insurance carrier licensed to write and writing such insurance in the State and the carrier shall issue such policy which will meet at least the minimum requirements for the establishment of financial responsibility as provided for in this Act.

Sec. 93. The Commission shall have the authority to make reasonable rules and regulations for the assignment of risks to carriers and establish such rate classifications, rating schedules, rates, rules and regulations to be used by insurance carriers issuing assigned risk policies as appear to be proper.

Sec. 94. The Commission is empowered to refuse to assign an application, to approve a rejection of an application by a carrier, to approve a policy cancelation by a carrier, and to refuse to approve the renewal or reassignment of an expiring policy.

Sec. 95. All information filed with the Commission shall be confidential and no reasons for its actions need be disclosed to anyone, including applicant or policyholder.

Sec. 96. These provisions are available to non-residents with respect to automobiles registered in the Commonwealth.

Because of this statutory arrangement in Virginia the Uniform Plan was not submitted for its adoption.

Section 80. There is no provision in this section for assessing the subscribers to the Plan for the necessary costs of administration. A fund, not to exceed \$100,000,

has been set up by the Commonwealth for this purpose.

Washington. - This is the Uniform Plan and was effective November 1, 1948. It differs in the following respects:

Section 1. This section limits the Plan to only those risks which are subject to the Washington Financial Responsibility Law.

Section 6. The Distribution and Assignment of Risks Section is the same as Section 83 of the Old Style Plan except that no statement is made regarding the facilities of a carrier for servicing the risk. The provisions of Subsection (a) through (d) of the Uniform Plan are omitted entirely from the Washington Plan.

Section 8. This section of the Uniform Plan entitled "Convictions" is omitted from the Washington Plan.

West Virginia. - This is the Uniform Plan in its entirety and was effective September 1, 1948.

Wisconsin. - This is the Old Style Plan and was effective July 15, 1942 with revisions to August 11, 1947. It differs in the following respects:

Section 5. The Governing Committee consists of four rather than five subscribers.

Section 7. The duties of the Governing Committee are enumerated in somewhat greater detail, and each person authorized to sign checks or drafts on behalf of the Plan is required to give a bond in such sum as the Committee may

require for the faithful and honest discharge of his duties and for the faithful and honest receipt, custody and disbursement of the funds of the Plan.

Section 22. This section omits the "good faith requirement" found in the Old Style Plan.

Section 23. This section excludes applicants who have major mental or physical disabilities but makes no further qualifications as to what does and what does not constitute such disabilities.

Section 26. Under the Re-Certification of Operator's License of Applicant Section of both the Old Style and the Uniform Plans, the applicant for whom re-certification is requested is not eligible for insurance under the Plan unless and until he has been re-certified as competent to hold an operator's license. The opposite is true under this section of the Wisconsin Plan, i.e., the applicant remains eligible unless and until he is re-certified as being incompetent to hold an operator's license.

The paragraph referring to the re-certification of assigned risks required to file evidence of Financial Responsibility is omitted from the Plan.

Section 27. This section of the Old Style Plan, Re-Eligibility of Rejected Applicants, is omitted from the Wisconsin Plan and there is no section for this number.

Section 84. The provision of this section and Section 83 are included in the single Section 83 of the Old Style Plan.

Wyoming. - This is the Uniform Plan in its entirety and became effective May 24, 1948.

Summary. - Forty-one states have Automobile Assigned Risk Plans in effect today and, although these exhibit a great degree of uniformity, only eight of these plans are exactly alike in all respects. The other thirty-three plans introduce changes and variations from the provisions of the two plans chosen as standards, i.e., from the provisions of the Old Style and the Uniform Plans. In this chapter the differences, both major and minor, were pointed out to demonstrate not only the lack of uniformity among the several plans, but also to give a more complete understanding of each individual plan.

In summarizing the content of this chapter, it is impossible to condense it to a few generalized statements because the variations of the different plans do not follow a definite pattern. The most recurrent variations are in the sections dealing with the groups to be represented on the Governing Committee. This is not too important because the nature of the insurance companies and organizations which predominate in a particular state determine this. Fifteen of the plans are limited to only those risks required by law to have insurance or not specifically excluded by such laws. These two facts are about all that can be said for the plans as a whole because the balance of the variations reflect themselves individually in virtually

every section of the Automobile Assigned Risk Plan.

The chart on the following page will show in a limited way the extent of the differences among the several plans. Completeness of information regarding these differences has been sacrificed for the sake of brevity, but the chart, or an adaptation thereof, revised to meet changes in conditions, should prove useful to those persons who require or desire a knowledge of all of the Automobile Assigned Risk Plans.

SUMMARY OF DIFFERENCES - AUTOMOBILE ASSIGNED RISK PLANS

STATE	FINANCIAL RESPONS. LAW	TYPE OF PLAN	SCOPE OF PLAN	ADD'L. CHGS. % OF PREMIUM (1)			COMMISS- SIGNS, % (2)			SECTIONS WHICH DIFFER FROM TYPE SHOWN IN COL 3. (Major changes are underlined.)
				a	b	c	a	b	c	
Alabama	Yes	Uniform	Unlimited	10	15	25	5	10	None	
Arkansas	No	Old Style	Unlimited	10	15		5	10	7, 23, 26, 27	
California	Yes	Special	Limited	10	15		5	10	Refer to Special Plan	
Colorado	Yes	Uniform	Unlimited	10	15	25	5	10	None	
Connecticut	Yes	Uniform	Unlimited	10	15	25	5	10	None	
Delaware	Yes	Uniform	Unlimited	10	15	25	5	10	None	
Florida	Yes	Uniform	Unlimited	10	15	25	5	10	1, 2, 9, 23	
Georgia	Yes	Old Style	Unlimited	10	15		5	10	5, 89	
Idaho	Yes	Old Style	Limited	10	15		5	10	1, 4, 7, 20, 22, 23, 30, 60	
Illinois	Yes	Old Style	Limited	10	15		5	10	1, 4, 5, 7, 22, 23, 83	
Indiana	Yes	Uniform	Limited	10	15	25	5	10	1, 4, 6, 9, 10, 22	
Iowa	Yes	Uniform	Unlimited	10	15	25	5	10	21	
Kentucky	Yes	Uniform	Unlimited	10	15	25	5	10	4	
Louisiana	No	Old Style	Limited	10	15		5	10	1, 5, 20-21, 26, 83	
Maine	Yes	Old Style	Unlimited	10	15		5	10	5, 6, 7, 22, 23, 26, 27, 60, 70	
Maryland	Yes	Old Style	Limited	10	15		5	10	1, 4, 5	
Massachusetts	Compuls.	Special	Unlimited						Refer to Special Plan	
Michigan	Yes	Uniform	Unlimited	10	15	25	2½	7½	4, 6, 7, 11, 19, 21	
Minnesota	Yes	Uniform	Unlimited	10	15	25	5	10	4	
Mississippi	No	Uniform	Limited	10	15	25	5	10	1	
Missouri	Yes	Old Style	Limited	10	15		5	10	1, 4, 7, 23	
Nebraska	Yes	Old Style	Limited	10	15		5	10	1, 4, 20-21, 22, 40, 85	
New Hampshire	Yes	Old Style	Unlimited	15	15		10	10	5-6, 22, 23, 26, 27, 30, 60, 76	
New Jersey	Yes	Uniform	Unlimited	10	15		5	10	16	
New Mexico	Yes	Uniform	Unlimited	10	15	25	5	10	None	
New York	Yes	Uniform	Unlimited	10	15	25	5	10	6, 7	
North Carolina	Yes	Old Style	Limited	10	15		5	10	1, 4, 80	
North Dakota	Yes	Old Style	Unlimited	10	15		5	10	22, 23	
Ohio	Yes	Uniform	Unlimited	25	15	25	5	10	7, 8, 10, 17	
Oregon	Yes	Uniform	Limited	10	15	25	5	10	1, 6, 9, 14, 16, 21, 24	
Pennsylvania	Yes	Uniform	Unlimited	10	15	25	5	10	None	
Rhode Island	Yes	Uniform	Unlimited	10	15	25	5	10	None	
South Carolina	No	Uniform	Limited	10	15	25	5	10	1, 4	
Tennessee	Yes	Old Style	Limited	10	15		5	10	1, 26	
Utah	Yes	Uniform	Limited	10	15	25	5	10	1, 4, 6, 14	
Vermont	Yes	Old Style	Limited	10	15		5	10	1, 4, 5-6, 22, 23, 26	
Virginia	Yes	Old Style	Unlimited	10	15		5	10	5, 22, 70, 80	
Washington	Yes	Uniform	Limited	10	15	25	5	10	1, 6, 8	
West Virginia	Yes	Uniform	Unlimited	10	15	25	5	10	None	
Wisconsin	Yes	Old Style	Unlimited	10	15		5	10	5, 7, 23, 26, 27	
Wyoming	Yes	Uniform	Unlimited	10	15	25	5	10	None	

(1) Sub-readings under this Column refer to following:

- Charge for public passenger carrying and long-haul truck risks.
- Charge for all others.
- Charge applicable under 16, (2) of Uniform Plan.

(2) Sub-readings refer to following:

- Rate for public passenger carrying and long-haul risks.
- Rate for all others (Field Supervision Allowance of 2½% is allowed under all except the Massachusetts Plan)

CHAPTER IV

Conclusions

It is difficult to draw any unique or spectacular conclusions from the material presented in this thesis because of its nature. The material presents information in, and of itself, and is intended to give a picture of the Automobile Assigned Risk Plan as it is today. The origin and development, discussed in Chapter I, furnish the necessary background to bring the picture up to date. Chapter II seeks to explain the provisions of the two general types of assigned risk plans, point out the differences between them, and the reasons for these. The information contained in Chapter III, the variations in the provisions of all plans, should prove of value to those persons having need of such knowledge, and the greater portion of this thesis is devoted to supplying this information.

It would be difficult to determine whether or not the plans are good or bad as such. This is a relative point and one could very easily find that they are both good and bad, i.e., they are good in some respects but they are bad in others. It depends largely upon where one's interests lie and how the Plan considered affects those particular interests. It is also difficult to draw conclusions of this nature until the experience under the various plans has been compiled, and since most of the present plans are still in their infancy, the experience figures now available are very

few. It can be said, however, that the Automobile Assigned Risk Plan is good and is worthwhile in that it fills a definite need. The future will determine just how well it accomplishes this purpose.

Conclusions which can be drawn from this thesis, however, are three: (1) an Automobile Assigned Risk Plan has a permanent place in the field of Automobile Insurance; (2) the Automobile Assigned Risk Plan is not perfect as it is today; and (3) uniformity among the various automobile assigned risk plans has not been achieved.

An Automobile Assigned Risk Plan has a permanent place in the field of Automobile Insurance. - The statement made in this conclusion means that the function which the Automobile Assigned Risk Plan serves in the field of Automobile Insurance is of a permanent nature and that the means of serving this function must necessarily be of a permanent nature also. It does not mean that the Assigned Risk Plan as we know it today will continue to perform that function but, rather, that if the present Plan cannot adequately fulfill this need another means will be employed. This other means may be a pooling arrangement, for example, or it may be a modified form of the present Plan. It is doubtful that any means other than a form of an assigned risk plan will be used for this purpose.

The function which the Automobile Assigned Risk Plan serves arises out of the need for it. Compulsory insurance

laws applying to all or to particular classes of motor vehicles and financial responsibility laws require motorists to secure automobile liability insurance. It is up to the insurance carriers to supply this insurance. If these insurers find that, because of their underwriting policies, their unfavorable experience with certain types and classes of risks or for other reasons, they cannot furnish the required insurance to the public, the various state governments will have but one alternative - to initiate their own means for providing this insurance. This is due to the fact that while the State owes a certain amount of protection to its industries and businesses, its chief obligation is to its citizens, and inasmuch as these various automobile insurance laws benefit those citizens, they must be made workable and effective even at the expense of possible injury to the insurance companies. If the states were forced to take this step because the insurance companies were not willing to supply sufficient insurance, the resulting damage to the companies would be sizable both as the loss of valuable good will and the loss of good business.

The effects of such state intervention would be far reaching indeed. Although the assigned risk plans were designed to handle only a relatively small group of extra-hazardous risks, it could not be expected that the State would be restricted to just this group. The insurance companies would be at a competitive disadvantage and the

general public would doubtless support the State because of the more favorable rates, coverage, conditions, etc., that it would be in a position to offer. Just how far and to what extremes such a situation would be carried is impossible to predict.

It was in the face of these threats, then, that the insurance companies offered the Automobile Assigned Risk Plan as a means of insuring those motorists who, because of their bad experience as a class, their extra-hazardous occupations, their faulty driving records, etc., could not secure automobile insurance for themselves but who were otherwise entitled to it.

It is inconceivable that these various laws which, either directly or indirectly, require car owners to secure automobile liability insurance will ever be done away with. In fact, the tendency has been in recent years to make them more strict and more exacting in their requirements. On the other hand, the experience of the automobile insurance companies has established that there are always certain types and classes of risks which cannot be profitably written by the majority of carriers. It follows, then, that a need for a means of providing insurance for these risks will last as long as the laws require them to have such insurance.

The Automobile Assigned Risk Plan as we know it today will undoubtedly be altered to meet the changing demands

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of the future, it may take on an entirely different form from that by which it is now recognized, but unless unforeseen circumstances force them to act otherwise, the insurance companies will never willingly afford the states an opportunity to go into the automobile insurance business. Consequently, since the need for a means of insuring risks unable to obtain insurance for themselves is apparently permanent, so then will the insurance companies continue to provide that means with an automobile assigned risk plan.

The Automobile Assigned Risk Plan is not perfect. -

All industry and, in fact, practically every form of human endeavor is constantly engaged in the search for the one best way of accomplishing their ends. This search results in new and more efficient methods of doing things, new processes, inventions, etc., but although these improvements are being introduced continuously, the one best way has never quite been achieved. There are always better ways of doing things and the success of an industry depends largely upon its ability to find those ways.

The Automobile Assigned Risk Plan was introduced by the Automobile Insurance Industry in an attempt to find the one best way of solving one of its knotty problems. As such, it was a step in the right direction. It was soon realized, however, that as more states found need of the Plan, and as greater volumes of business were thrown into it, the Plan was not perfect in its original form. Steps were taken to

The first part of the paper discusses the importance of the study and the objectives of the research. It also provides a brief overview of the methodology used in the study. The second part of the paper presents the results of the study and discusses the implications of the findings. The third part of the paper concludes the study and provides some suggestions for further research.

The study was conducted using a qualitative research design. The data was collected through interviews with participants who were selected through purposive sampling. The interviews were conducted using a semi-structured interview schedule. The data was analyzed using thematic analysis. The results of the study indicate that there are several factors that influence the outcome of the study. These factors include the quality of the data, the quality of the analysis, and the quality of the conclusions.

The study has several limitations. First, the sample size was small, which may limit the generalizability of the findings. Second, the study was conducted using a qualitative research design, which may limit the ability to generalize the findings. Third, the study was conducted using a semi-structured interview schedule, which may limit the depth of the data. Despite these limitations, the study provides valuable insights into the factors that influence the outcome of the study.

correct the inherent weaknesses not previously contemplated. A national advisory committee was appointed for the purpose of promoting the objectives of the Plan and the sound progress in its future development and refinement. Uniformity among the several plans was deemed desirable and necessary, and substantial uniformity has been achieved over the eleven-year period that the Automobile Assigned Risk Plan has been in existence. The most recent changes introduced by the Uniform Plan seek to enable the Plan to deal better with the more complicated present-day problem of making assignments on a basis which is fair to all.

In spite of the above mentioned, as well as many other beneficial changes introduced to the Automobile Assigned Risk Plan in recent years, the fact remains that the Plan is still not perfect. This present imperfection is evidenced by the lack of agreement among the several state plans in the various provisions. Many factions, including insurance companies, insureds, and even state officials, cannot agree as to how the Plan should be written so as to assure complete equity of treatment for all. The Uniform Plan is the result of a compromise by these various factions, and many consider that this is the best possible under present conditions. At its best, however, even the Uniform Plan is not perfect.

The conclusion drawn here is of some significance because only when members of the Automobile Insurance

Industry understand that the Automobile Assigned Risk Plan is not perfect will they realize that they cannot afford to become complacent and satisfied with the "status quo." The threat of the State's intervention into this phase of the automobile insurance field is ever-present and the more perfect the Automobile Assigned Risk Plan is, the less likely is the materialization of this threat. The National Advisory Committee on Automobile Assigned Risk Plans was designed to promote the future development of the Plan and it can be expected that this Committee will do much toward improving it, but the future of the Plan should not be determined solely by these six men. Rather, it should be guided by the cooperative efforts of all members of the Industry.

The Automobile Assigned Risk Plan is not perfect and the more cooperative effort that is expended in perfecting it, the more quickly that goal will be approached.

Uniformity among the various automobile assigned risk plans has not been achieved. - The benefits which would be realized with a completely uniform Automobile Assigned Risk Plan are broadly two: simplicity of operation, and ease of supervision and control.

Because of the Nationwide operations of the Automobile Assigned Risk Plan, now being used by forty-one of the forty-eight states, it can be readily appreciated how simplicity of operation would result from a completely

uniform plan. Since most of the automobile insurance companies operate in more than one state they are governed by the provisions of the particular plan used by each state in which they write business. If the provisions, procedures, and requirements of these many plans varied greatly the companies would be weighed down with a great deal of time and expense merely trying to keep up with them. Each one would have to be considered individually.

Most of the assigned risk plans in effect today are voluntary and depend upon the insurance companies to supervise and control their development. Here again a completely uniform plan would make it possible for a company to make its decisions and set its policies with regard to one plan instead of, perhaps, ten to twenty different plans. With a uniform plan all automobile insurance companies, regardless of the extent of their operations, would be working together for a common cause and this would reflect itself in a stronger and more equitable automobile assigned risk plan. Perhaps the greatest benefit to be realized by a uniform plan is that it would more effectively facilitate its control and supervision by a central governing committee.

In spite of the advantages outlined briefly above, complete uniformity among the several automobile assigned risk plans has not been achieved. There are many reasons for this lack of uniformity such as the statutory nature of

the plans of California and Virginia, the requirements of the compulsory insurance laws in Massachusetts, the single Plan Manager which governs the Maine, New Hampshire and Vermont Plans, and the adaptations of certain provisions of some of the Plans to meet the requirements of particular state insurance or motor vehicle laws. The chief reason for this lack of uniformity, however, can be attributed to the nature of the insurance companies which predominate in a particular state because it is these companies which decide just what kind of plan will be used in that state. For example, although most plans consider the unlimited purpose clause of the Uniform Plan necessary as a defense when agitation for state intervention develops, if the majority of the companies in one state do not feel that this advantage is of sufficient importance to subject them to risks not required by law to have insurance, they will support the adoption of a limited plan for that state. Fifteen of the present plans are so limited.

In an attempt to gain complete uniformity, the Uniform Plan was submitted to all but three (California, Massachusetts, and Virginia) of the states, and it was hoped that it would be accepted in its entirety. Although thirteen of the states have not yet taken action on the Plan, of those that have accepted it, only eight states have thus far accepted it in its entirety. The rest of the states made changes before adopting it, and while many of these

changes were of a minor nature, others offered major changes in the provisions of the Uniform Plan.

The Old Style Plan is still in effect in fourteen states, but most of these can be expected to adopt a new plan in the near future patterned after the Uniform Plan. None of these fourteen plans, however, are identical in all respects.

In view of these facts, complete uniformity in the Automobile Assigned Risk Plan obviously has not been achieved. The fact that the Uniform Plan has not been accepted by all states in its entirety indicates that such complete uniformity will not be realized within the near future, if at all. The result is that the Automobile Insurance Industry must cope with this lack of uniformity until something better is achieved.

It is hoped that some of the material contained in this thesis, especially that presented in Chapter III, will serve in helping to ease this problem. So long as there is any lack of uniformity among the Automobile Assigned Risk Plans the need for knowledge of these variations will exist. This thesis seeks to condense such information so that it can be readily referred to and easily interpreted. It is true that much of this information will become out-dated sooner or later due to changes that are continually being made in the various plans, but once a system of showing the basic differences in the provisions of the

several plans is established, it will be relatively simple to keep it up to date by making the necessary corrections when and where they are warranted.

The Automobile Assigned Risk Plans occupy an important and necessary position in the field of automobile insurance and although they have undergone many improvements, they are still not perfect. Efficient administration and proper guidance in their future development will assure their lasting success in fulfilling the need for which they are intended.



APPENDIX A

GEORGIA AUTOMOBILE ASSIGNED RISK PLAN

VOLUNTARY PLAN FOR GRANTING AUTOMOBILE BODILY INJURY
AND PROPERTY DAMAGE LIABILITY INSURANCE TO RISKS UNABLE
TO SECURE IT FOR THEMSELVES.

Summarized Instructions for Completion and Submission of Applications for Coverage under the Plan (1)

In order to avoid delay and unnecessary correspondence and to expedite prompt assignment of eligible applicants to insurance carriers, applicants and their producers of record must comply with the following summarized procedure:

1. Since the applicant must sign a statement that he declares himself bound by the provisions of the Plan, he should carefully study all of its provisions and particularly those under the heading of "Eligibility."
2. Letters of refusal to issue coverage to the applicant from at least three insurers, on the letterhead of the insurer, and signed by the insurer's representative as provided in the Plan (Section 20), and dated within sixty days prior to the date of his application, must be obtained.
3. Application form W. C. 2330C must be fully completed in duplicate with all data either typewritten or printed. Care must be taken to complete each of Items 1 to 17, inclusive.
If the applicant has been subjected to two or more convictions arising out of a single accident, occurrence or arrest, supporting statement corroborating such facts should be cited in the application or accompany the application.

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- (1) All of the Old Style Plans are introduced by these summarized instructions designed to help in speeding up the assignment procedure. These are peculiar to the particular plans and vary somewhat among the different states. Such instructions are not found in copies of the Uniform Plan.

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4. The applicant must sign both copies of the application form as provided in Item 18. The applicant's signature must be properly notarized on both copies of the form.
5. The producer of record, if any, must complete and sign both copies of the form as provided in Item 19.
6. Physically Disabled Applicants. Refer specifically to special instructions cited in Section 23 of the Plan, and accompany the application with full details as cited therein.
7. Both copies of the application, accompanied by original letters refusing coverage from at least three insurers (as cited in Item 2 above), must be submitted to the Manager of the Plan, 301-309 Title Guarantee Building, Birmingham, Alabama.
8. Applicants will be assigned to designated insurers by the Manager in strict accordance with such insurers' proportionate premium volume and accordingly requests that an applicant be assigned to any specific insurer or specific type of insurer shall not be granted.
9. Upon receipt of advice from a designated insurer that they will grant coverage provided a stated premium is received within a specified time, payment of such stated premium must be made promptly as directed by the designated insurer.
10. Right of Appeal. Refer to special provisions of Section 70 of the Plan.

ARTICLE I - INTRODUCTION AND MISCELLANEOUS PROVISIONS

Sec. 1 Purposes of Plan

The purposes of this Plan are:

- (a) To provide a means by which a risk that is in good faith entitled to automobile bodily injury and property damage liability insurance in the State, but is unable to secure it for itself, may be assigned to an authorized carrier.
- (b) To establish a procedure for the equitable distribution of such assigned risks among such insurance carriers.

Sec. 2.

The Plan is in effect a voluntary agreement among all of the insurance companies, both "stock" and "non-stock," transacting the business of automobile bodily injury

ARTICLE I - INTRODUCTION AND
MISCELLANEOUS PROVISIONS (Cont'd.)

Sec. 2 (cont'd.)

liability insurance in the State adopted in the interest of public service.

Sec. 3.

This Plan shall become effective when all of the insurers writing automobile bodily injury liability insurance in the State (excluding reinsurance insurers which do not write any such direct business) have subscribed thereto and shall apply only to risks that in good faith are entitled to such insurance.

Sec. 4.

This Plan shall be available so far as non-residents of the State are concerned, with respect to all automobiles registered in the State, that is, the place of registration rather than the residential address is to govern whether or not a risk is eligible for assignment under the Plan provided they are required to have a State license.

Sec. 5. Administration of Plan

The Plan shall be administered by a Governing Committee and a Manager. The Governing Committee (hereinafter referred to as "the Committee") shall consist of representatives of four insurers, one from each of the following groups of insurers.⁽¹⁾

- (a) National Bureau of Casualty Underwriters.
- (b) Mutual Casualty Insurance Rating Bureau.
- (c) Non-affiliated Stock Insurers.
- (d) Non-affiliated Mutual and Reciprocal Insurers.

On the date fixed by the Committee and annually thereafter all insurers authorized to write automobile bodily injury liability insurance in the State of Georgia and subscribers to the Plan shall elect the Committee to serve for a period of one year and until their successors have been elected. Such election shall be held at an annual meeting to be called by the Committee upon 20 days' notice in writing to all subscribers of the Plan. A majority of

(1) Since most plans provide for a Committee of five members this four-man Committee is considered an exception to the Old Style Plan.

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ARTICLE I - INTRODUCTION AND
MISCELLANEOUS PROVISIONS (Cont'd.)

Sec. 5. Administration of Plan (cont'd.)

the subscribers shall constitute a quorum and voting by proxy shall be permitted. At such annual meeting each respective group of insurers heretofore described shall elect its representative to the Committee. Upon failure so to do a representative may be chosen, from the group so failing to elect a representative, by those in attendance at such annual meeting. Until the first annual meeting of subscribers of the Plan members of the Committee will be appointed by the Insurance Commissioner.

Sec. 6. Duties of Governing Committee

The Committee shall meet as often as may be required for the purpose of reviewing assignment of risks by the Manager and performing the general duties of administration of the Plan. Three members of the Committee shall constitute a quorum.

Sec. 7.

The Committee shall select and appoint a Manager of the Plan for the ensuing year.

The Committee shall have the authority and power to administer the Plan and shall keep a record of all proceedings of the Committee and be responsible for all property of the Plan. The Committee shall have authority to budget expenses for the estimated costs of administering the Plan, to authorize the levying of assessments therefor, and to authorize paying the expenses of administering the Plan.

Sec. 8.

The Committee shall semi-annually, as of the first day of July and January, report in writing to all subscribers to the Plan the assignments made under this Plan for the preceding six months, in such form and detail as the Committee may determine. The Committee shall also semi-annually submit to all subscribers to the Plan a true and correct statement of all receipts and disbursements of the Committee for the period subsequent to the last previous report.

Sec. 9. Effective Date

The Plan shall become effective March 1, 1948.

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ARTICLE I - INTRODUCTION AND
MISCELLANEOUS PROVISIONS (Cont'd.)

Sec. 10. Coverage Available Under the Plan

No insurer shall be required to write a policy for limits higher than the standard limits of \$5,000/\$10,000 bodily injury and \$5,000 property damage, unless higher limits are required by law. The insurer to which the risk is assigned shall comply with the filing requirements applicable to the risk.

ARTICLE II - ELIGIBILITY

The following rules shall govern the insuring of risks which have been unable to obtain automobile bodily injury and property damage liability insurance. The plan shall apply only to risks that in good faith are entitled to such insurance.

Sec. 20. Qualifications

No applicant shall be subject to this Plan unless within 60 days prior to the date of his application for insurance under this Plan he has applied for both automobile bodily injury and property damage liability coverage to at least THREE insurers, including the carrier if the risk is insured at the time of making the application, authorized to write such insurance in the State and has been definitely refused coverage by each such insurer in writing on the letterhead of the insurer and signed by a full-time salaried employee of the insurer, or by each such insurer in writing signed by an authorized representative of such insurer, the names of which authorized representatives have been specifically designated and filed in writing by each such insurer with the Manager of the Plan. No individual signing such a letter as the "authorized representative" of any insurer shall sign any other such letter to the same applicant in the capacity of an authorized representative of any other insurer, and no office or agency representing more than one insurer shall furnish more than one such letter to any applicant.

Sec. 21.

Each insurer subscribing to this Plan, has, by such subscription indicated its willingness to furnish letters of declination in the form and manner prescribed in this Article.



ARTICLE II - ELIGIBILITY (Cont'd.)

Sec. 22. Good Faith - Convictions - Bail Bond Forfeitures

This Plan shall apply only to risks which in the judgement of the Committee, are in good faith entitled to such insurance. It is deemed neither feasible nor desirable to attempt to define or attempt to enumerate all acts which constitute good faith or bad faith on the part of the applicant. The purpose of the Plan is clearly set forth in Section 1. The intent and object of the adoption of the Assigned Risk Plan is to help only those applicants whose conduct, both past and present, indicates that they were or are denied insurance for reasons other than those attributed to absence of proper appreciation of their responsibilities to the State, and to their fellow men.

In no event shall coverage be extended in any case in which the applicant or anyone who will drive the motor vehicle has

During a three-year period immediately preceding the date of application suffered more than once the suspension or revocation of his operator's license or operating privilege, or has been convicted or forfeited bail more than once for any one, or once each for two or more of the following offenses:

- (a) Driving a motor vehicle while under the influence of intoxicating liquors or narcotic drugs.
- (b) Failing to stop and report when involved in an accident.
- (c) Homicide or assault arising out of the operation of a motor vehicle.
- (d) Driving a motor vehicle at an excessive rate of speed where injury to person or damage to property actually results therefrom.
- (e) Driving a motor vehicle in a reckless manner where injury to person or damage to property actually results therefrom.
- (f) Operating during period of revocation or suspension of registration or license.
- (g) Operating a motor vehicle without authority.
- (h) Loaning operator's license to an unlicensed operator.
- (i) The making of false statements in the license application or registration application as to name or address.
- (j) Impersonating an applicant for license or registration, or procuring an impersonation whether for himself or another.

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ARTICLE II - ELIGIBILITY (Cont'd.)

Sec. 22. Good Faith - Conviction - Bail Bond Forfeitures (cont'd.)

- (k) Any felony in the commission of which a motor vehicle is used.
- (l) Driving motor vehicle in any manner in violation of the restrictions imposed by a restricted license.⁽¹⁾

Sec. 23. Disabilities

No risk will be eligible if the applicant or anyone who normally or usually drives the automobile or anyone who drives it with knowledge of the applicant has a major mental or physical disability.

Partial or total deafness, or total deafness and dumbness, does not constitute a major physical disability for the purposes of the Plan, provided that special equipment (generally convex or fullview mirrors) is installed on vehicles which will be operated. Such applicants should cite the special equipment in use and information respecting any restriction in operator's license when submitting application for coverage.

The loss of one eye does not constitute a major disability for the purposes of the Plan.

The loss or loss of use of part or all of an arm or leg, if the member is replaced by an artificial limb, or special equipment on the motor vehicle is provided, and the applicant passes a special driver's license test of the State, does not constitute a major physical disability for the purposes of the Plan; such applicants should cite any special equipment in use and information respecting any restriction in operator's license when submitting application for coverage.

Applicants subject to cardiac or similar conditions, are subject to investigation and required to submit satisfactory certificates from at least two qualified medical doctors, before assignment to a designated insurer or acceptance of such risks under the provisions of the Plan.

Epilepsy shall be considered a major mental or physical disability.

The loss or loss of use of all or part of two legs, two arms or one arm and one leg, shall be considered a major physical disability for the purposes of the Plan; however, such risk will be given individual consideration.

(1) This conviction is found in only a few of the other plans and is not to be considered as part of the standard Old Style Plan.

ARTICLE II - ELIGIBILITY (Cont'd.)

Sec. 24. Illegal Registrations

A risk shall not be considered to be in good faith entitled to insurance nor shall coverage be extended in any case if the applicant has during a period of twelve months immediately preceding the date of application intentionally registered a motor vehicle in the State illegally.

Sec. 25. Failure to Pay Prior Automobile Insurance Premiums

A risk shall not be considered to be in good faith entitled to insurance nor shall coverage be extended in any case in which the applicant or anyone who normally or usually drives the automobile or anyone who drives it with knowledge of the applicant has failed to meet all obligations to pay automobile bodily injury and property damage liability insurance premiums contracted during the previous twelve months.

Sec. 26. Re-Certification of Operator's License of Applicant or Principal Operator of the Motor Vehicle.

If the designated insurer, after investigation of the experience, physical or other conditions of any risk applying for coverage under this Plan, believes that reasonable doubt exists as to whether such applicant should continue to be licensed to operate a motor vehicle in the State, such insurer to whom the risk has been assigned may request the Director of Public Safety to re-certify the ability of such applicant to continue to hold an operator's license; such applicant will not be eligible under this Plan until and unless the applicant is re-certified by the Director of Public Safety as competent to hold and use an operator's license, either by a driving test or such other means as the Director of Public Safety may require.

Designated insurers under this Plan must issue policies of insurance and give same to the applicant upon payment of the required premium, in accordance with the provisions of this Plan, as respects all eligible Assigned Risks who are required to file evidence of Financial Responsibility in order to retain or regain their operator's license or motor vehicle registration, before filing any request for re-certification of such applicant by the Commissioner of Motor Vehicles.

Request for re-certification must be made on a standard form agreed to as satisfactory by the Director of Public Safety. The form must be prepared in triplicate; the

The first part of the paper is devoted to a discussion of the general principles of the theory of the structure of the atom.

In the second part of the paper the author discusses the results of his own researches on the structure of the atom.

The third part of the paper is devoted to a discussion of the results of his own researches on the structure of the atom.

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ARTICLE II - ELIGIBILITY (Cont'd.)

Sec. 26. Re-Certification of Operator's License of Applicant or Principal Operator of the Motor Vehicle (cont'd.)

original sent to the Director of Public Safety, with duplicate copy sent to the Manager of the Plan.

Sec. 27. Re-Eligibility of Rejected Applicants

An applicant under the Plan, rejected for cause, and rejection sustained, is not eligible to re-apply for coverage under the Plan until a period of one year has elapsed from date of the rejected application.

ARTICLE III - RATES

Sec. 30.

All risks assigned under this Plan shall be subject to the rules, rates, minimum premiums and classifications in force, and to the Rating Plans applicable thereto which the insurers to which the risks may be assigned use in the State, plus an additional charge of 10% for public passenger carrying vehicles and for long haul trucking risks, and for all others 15%.

Sec. 31.

If the experience, physical or other conditions of any risk applying for coverage under this Plan are such as to indicate that the hazard of the risk is greater than that contemplated by the rates or minimum premiums normally applicable to the risk, the insurer may charge such rates and minimum premiums as are commensurate with the greater hazard of the risk, subject to approval by the Governing Committee and of the Insurance Commissioner. Any such special increase in rate in accordance with this paragraph shall be deemed to include the additional charge of 10% for public passenger carrying vehicles and for long haul trucking risks, and for all others 15%.

ARTICLE IV - APPLICATIONS FOR ASSIGNMENT

Sec. 40. Applications for Assignment

The application for insurance under this Plan must be signed in every case by the applicant but may be submitted by the applicant or his producer. The application shall be filed on a prescribed form accompanied by the original

ARTICLE IV - APPLICATIONS FOR ASSIGNMENT (Cont'd.)

Sec. 40. Applications for Assignment (Cont'd.)

letters refusing such coverage. Such application shall require:

- (a) Complete underwriting and character information; and complete financial information where the coverage is to be written on a basis requiring final adjustment of the premium subsequent to the expiration of the policy.
- (b) A statement by the applicant that he will maintain a complete record of his financial transactions in such form and manner as the carrier may reasonably require and that such record will be available at all times to the carrier at a designated place. This statement shall be required only where the insurance is to be written on a basis requiring final adjustment of the premium after expiration of the policy.
- (c) That the applicant agrees to comply with all reasonable recommendations of the carrier made with the view to reducing the hazards of the risk.
- (d) That the applicant agrees upon being notified to remit within 15 days to the insurer a certified check, money order, or bank draft payable to the designated insurer for the full premium for his policy.
- (e) Certification of the application by an affidavit to be sworn to before a Notary Public.

Sec. 41. Application for Coverage

A risk which desires insurance and has been unable to obtain it for itself, and thus becomes an applicant under this Plan, shall proceed in accordance with this Article and the applicant may designate a licensed producer of record to act on his behalf in soliciting coverage from insurers as recited by Section 20 and this Article, but in either case the applicant must sign the application form.

The fully completed application, in duplicate, accompanied by the insurers' original letters refusing such coverage, shall then be filed with the Manager of the Plan.

Sec. 42. Designation of Insurer

Upon receipt of an application for insurance properly completed, signed and attested, the Manager shall designate an insurer to whom the risk will be assigned for a period of twelve months and so advise the producer of record.

ARTICLE IV - APPLICATIONS FOR ASSIGNMENT (Cont'd.)

Sec. 43. Notification to Applicant

Within fifteen days after receipt of notice of designation from the Manager, the designated insurer shall notify the applicant either

- (a) That, if the full premium as stated within such notice is received within 15 days or within such further reasonable period as the insurer may agree to, it will issue a policy to become effective 12:01 A.M. of the day following the day on which such premium as stated in such notice is actually received by the insurer, or
- (b) That it will not issue a policy for the reason that the applicant is not in good faith entitled to insurance under this Plan, in which event the reasons supporting such action shall be furnished to the Manager.

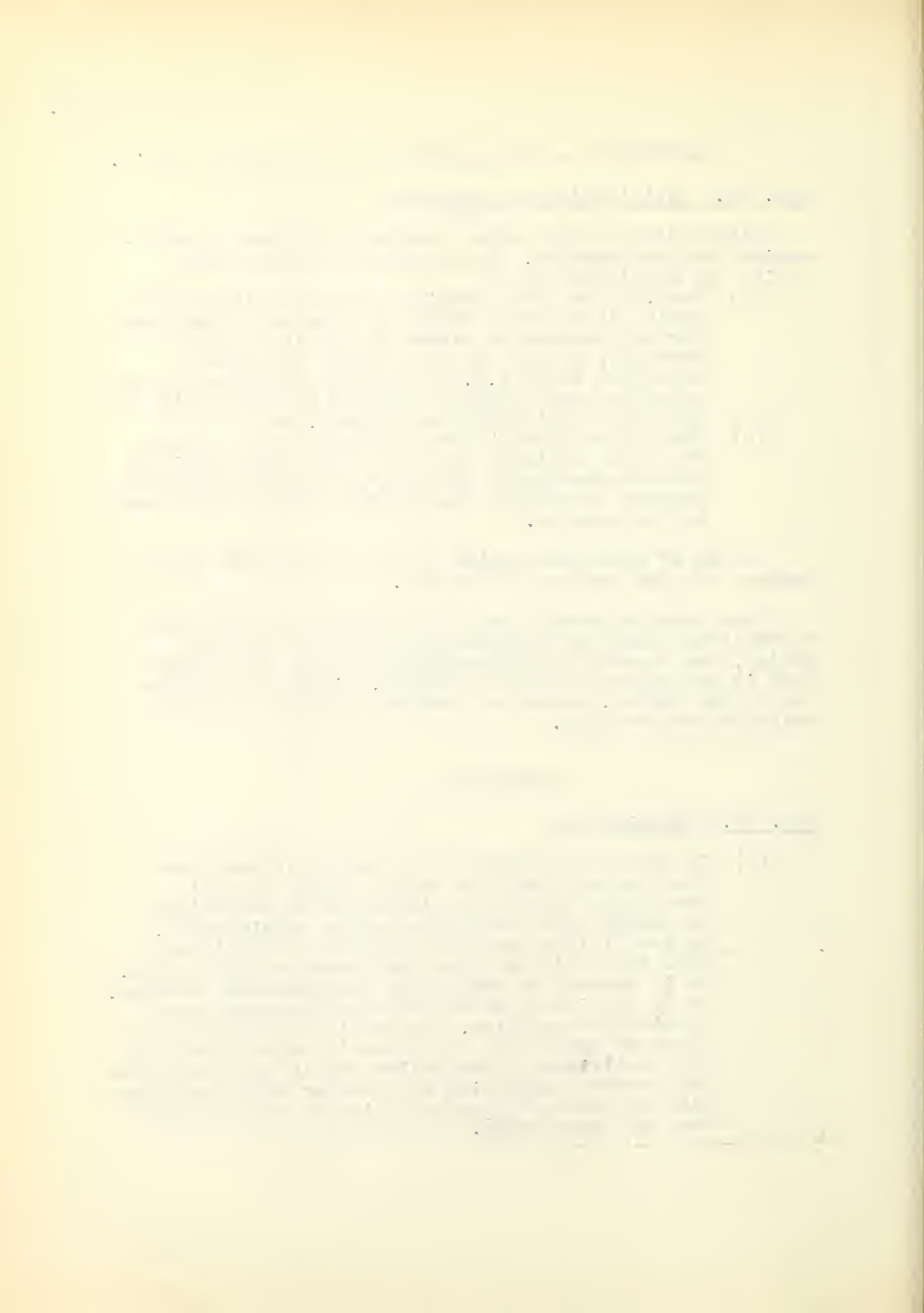
A copy of each such notice shall be furnished to the Manager and the producer of record.

When premium payment has been received by the designated insurer and such insurer has actually issued a policy, the insurer shall immediately notify the Manager that it has actually issued a policy, giving the Manager the policy number, amount of premium collected and the policy effective date.

ARTICLE V

Sec. 50. Cancellations

- (a) If after the issuance of a policy it develops that the applicant is not or ceases to be in good faith entitled to insurance or has failed to comply with reasonable safety requirements, or has violated any of the terms or conditions upon the basis of which the insurance was issued, or if unusual or unexpected circumstances develop, or if the insurance was obtained through fraud or misrepresentation, the carrier shall have the right to cancel the insurance in accordance with the conditions of the policy but in all such cases the reasons supporting such action shall be filed with the manager ten days prior to the effective date of cancellation.



ARTICLE V (Cont'd.)

Sec. 50. Cancellations (cont'd.)

If default occurs in the payment of premium upon any policy subject to interim adjustment, such policy shall automatically be subject to cancellation in accordance with the required notice as provided in the policy. A statement of the facts in support of such action shall be furnished to the Manager ten days after the effective date of cancellation.

A copy of each such cancellation notice shall be furnished to the producer of record.

- (b) If for any reason an assigned risk is canceled, the risk shall not be eligible for further consideration until the Manager is fully satisfied that the risk is in good faith entitled to insurance under the Plan.

ARTICLE VI

Sec. 60. Expirations and Renewals

- (a) Any assigned risk which is dissatisfied with the designated carrier may request re-assignment upon expiration.
- (b) If any insurer other than the one designated under the Plan wishes to carry the risk voluntarily at the rates and classifications normally applicable, such insurer may take over the coverage at expiration; or under the same conditions may take over the coverage at any time subject to agreement by the designated carrier.

Renewal Procedure

Every carrier insuring a risk under the Plan shall notify the Manager and the applicant with copy to the producer of record, at least FORTY-FIVE days prior to each policy's expiration date, in accordance with the following procedures:

- (c) First and Second Renewal Procedure

Every carrier insuring a risk under the Plan has one of three options to be exercised not later than forty-five days prior to the expiration date of the policy:

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ARTICLE VI (Cont'd.)

Sec. 60. Expirations and Renewals (cont'd.)

- i. write a renewal of the business voluntarily for its own account at the rates and classifications normally applicable to risks not subject to the Plan;
- ii. accept the renewal assignment and issue a renewal policy for the risk under the Plan provided the full premium as stated within such notice is received at least 15 days prior to the expiration date of the current policy; if such a renewal policy is issued, the carrier will receive credit for an assignment for a period of one year;
- iii. refuse the renewal assignment if the risk is not in good faith entitled to further coverage under the plan, but for no other reason; in which case notice of such refusal with reasons therefor shall also be given immediately to the Manager.

The foregoing statement of the only options which a carrier may exercise as a matter of right does not preclude submission to the Manager for consideration of reasons which the carrier believes should entitle it to be relieved, at the expiration of its policy, of a renewal assignment.

(d) Third or Subsequent Renewal Procedure

The record and experience of every risk which has been assigned under the Plan for a period of 36 months shall be reviewed forty-five days prior to the expiration date of the current policy and shall be considered normal business for renewal unless during the reviewed period the risk has been subject to one or more of the following:

- i. that the insured or anyone who will drive the automobile has been convicted for any one of the offenses cited in Section 22 of the Plan;
- ii. that the insured or anyone who will drive the automobile has been convicted of a felony;
- iii. that any automobile owned by the named insured or any replacement or substitution thereof and any other automobile the operation of which is covered by the policy has been involved in (a) one accident bodily injury only or one accident both bodily injury and property damage or (b) two or more property damage accidents. For the

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ARTICLE VI (Cont'd.)

Sec. 60. Expirations and Renewals (cont'd.)

purpose of this rule an accident shall mean the occurrence of an incident during the reviewed period resulting in bodily injury liability or property damage liability, or both, arising out of the use of any automobile as set forth above in consequence of which (a) an amount has been paid as a loss by or on behalf of the insured or by the insurer insuring such automobile or (b) an amount is held as a reserve on behalf of the insured by an insurer for any pending claim for bodily injury or property damage or (c) a civil suit is pending in court against the owner of such automobile as a result of such accident.

Each renewal risk which qualifies as normal business in accordance with the foregoing, shall be written at the rates and classifications normally applicable to risks not subject to the Plan. If the producer of record is unable to place the risk voluntarily, the renewal shall be issued for one year by the carrier through its own representative on the basis of the rates and classification normally applicable. The carrier in the latter instance if it notifies the Manager of the Plan, shall receive credit under the plan for such a risk for one year.

Each risk which by its record as set forth in (d) i, ii, or iii above has demonstrated that it is not a normal risk shall be subject to the procedure established for first and second renewals as cited in Paragraph (c) of this Section.

ARTICLE VII

Sec. 70. Right of Appeal

Any applicant under the Plan or subscriber to the Plan who has a grievance respecting the operations of the Plan, may appeal in the first instance to the Committee, (provided that, if an insurer represented on the Committee is a party to the controversy, the other members of the Committee may designate another insurer of the same type to replace such insurer for the purpose of hearing the appeal), which shall review all evidence and render a

The first part of the history of the United States is the period from the discovery of the continent by Christopher Columbus in 1492 to the establishment of the first permanent settlements. This period is characterized by the exploration of the continent by Spanish, French, and English explorers, and the establishment of the first permanent settlements by the English in 1607. The second part of the history is the period from the establishment of the first permanent settlements to the American Revolution in 1776. This period is characterized by the growth of the colonies, the struggle for independence, and the establishment of the United States as a new nation.

The third part of the history is the period from the American Revolution to the Civil War in 1861. This period is characterized by the growth of the United States, the struggle for slavery, and the establishment of the United States as a new nation. The fourth part of the history is the period from the Civil War to the present. This period is characterized by the growth of the United States, the struggle for civil rights, and the establishment of the United States as a new nation.

The fifth part of the history is the period from the present to the future. This period is characterized by the growth of the United States, the struggle for civil rights, and the establishment of the United States as a new nation. The sixth part of the history is the period from the future to the present. This period is characterized by the growth of the United States, the struggle for civil rights, and the establishment of the United States as a new nation.

ARTICLE VII (Cont'd.)

Sec. 70. Right of Appeal (cont'd.)

decision. If a party in interest is dissatisfied with the decision of the Committee, he may appeal to the Insurance Commissioner, whose decision shall be final.

ARTICLE VIII - ADMINISTRATION

Sec. 80. Costs of Administration

The reasonable costs of administering the Plan for each calendar year shall be determined periodically by the Committee which shall be authorized to incur all reasonable and necessary expenses for the administration of the Plan. Each subscriber to the Plan shall pay a minimum annual fee of \$5.00 and all expenses incurred by the Committee in excess of the minimum fees shall be apportioned to all insurers in such proportion as their net direct automobile bodily injury premium writings in the state bear to the total combined net direct automobile bodily injury premium writings of all insurers in the state during the calendar year.

Sec. 81. Forms and Supplies

Additional copies of the Plan, the application form W.C. 2330C, and these supplementary rules of procedure have been printed and may be obtained at cost upon requisition to the Supply Division of the National Bureau of Casualty Underwriters, 60 John Street, New York 7, N.Y., or from the Manager of the Plan.

Every insurer should order its required supply of these items and furnish its branch offices and policy-writing agencies with an adequate stock of the forms. Application forms should be available to any applicant or producer of record upon request so as to minimize any delay in granting of coverage under the Plan to qualified applicants.

Sec. 82. Application for Coverage

The fully completed application, in duplicate, accompanied by the insurers' original letters refusing such coverage, shall then be filed with the Manager of the Plan, addressed to:

The Manager
Georgia Automobile Assigned Risk Plan
301-309 Title Guarantee Building
Birmingham, Alabama

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ARTICLE VIII - ADMINISTRATION (Cont'd.)

Sec. 83. Distribution and Assignment of Risks

The Manager shall distribute the risks which are eligible for coverage under the Plan as far as practicable, to insurers in proportion to their respective net direct automobile bodily injury premium writings - with due regard to exclusions under re-insurance agreements, treaties or contracts filed in writing with the Manager, and with due regard to the facilities of the insurer for servicing the risk.

Upon assignment of a risk to an insurer, the Manager will forward to such designated insurer, the original copy of the application form accompanied by the insurers' original letters refusing such coverage.

For purposes of assignment to all insurers, the Manager shall use the latest available net direct automobile bodily injury premium writings in Georgia of calendar years ending December 31, for assignment of risks during the twelve months commencing on the next succeeding July 1st. Net premiums shall be gross written premiums, including policy, application and membership fees, and prior to reinsurance assumed, less only return premiums and premiums on policies not taken.

Sec. 84. Records

The Manager will keep adequate records of the risks assigned and as of June 30, 1948, and semi-annually thereafter, the Manager shall prepare a report of the assignments made and any cancelation of such assignments by insurer, for distribution to subscribers to the Plan.

Sec. 85. Calculation of Premium and Commission

The designated insurer will determine the premium to be charged in accordance with Article III of the Plan. Unless other special arrangements have been registered with and approved by the Committee, the designated insurer will pay the producer of record for his services in accordance with the following limits:

- (a) For public passenger carrying vehicles and for long haul trucking risks, 5% of the total premium charged and collected from the applicant as commission to a licensed producer designated by the insured.
- (b) For all other risks, 10% of the total premium charged and collected from the applicant as commission to a licensed producer designated by the insured.
- (c) For all risks, $2\frac{1}{2}\%$ of the total premium charged and collected from the applicant as field

The history of the United States is a story of growth and development. It begins with the first settlers who came to the New World in search of a better life. They found a land of opportunity, but also a land of challenge. The early years were marked by struggle and hardship, but the spirit of the pioneers was one of determination and courage. They built a nation from scratch, and their legacy is a testament to the power of the human spirit.

The story of the United States is a story of progress and achievement. It is a story of the triumph of the individual over adversity, and of the power of the collective will. The United States has been a land of freedom and opportunity, and its people have made great contributions to the world. The history of the United States is a story of hope and dreams, and of the pursuit of a better life.

The history of the United States is a story of the American dream. It is a story of the pursuit of happiness and the pursuit of excellence. The United States has been a land of opportunity, and its people have made great contributions to the world. The history of the United States is a story of the American spirit, and of the power of the human spirit. The United States is a land of hope and dreams, and its people are the people of the future.

ARTICLE VIII - ADMINISTRATION (Cont'd.)

Sec. 85. Calculation of Premium and Commission (cont'd.)

supervision allowance to the insurer to which the risk has been assigned or to its licensed agent.

Any special increase in rate in accordance with Article III shall be deemed to include the surcharge permitted under the Plan to allow payment of commissions.

Note: Commissions and field supervision allowances referred to above are to be computed on the basis of the total premium charged and collected from the applicant.

Sec. 86. Notification to Applicant or Producer of Record

If the insurer agrees to accept the assignment, it shall proceed in accordance with Section 43 of the Plan and shall duly notify the applicant through the producer of record or notify the applicant direct with a copy of such notification to the producer of record; a copy of such notification shall also be sent to the Manager, including therein a statement of the total amounts which applicant is required to pay for the coverage.

Sec. 87. Premium Payments

Payments by the applicant shall be made to such payee(s) as directed by the designated insurer.

Sec. 88. Notification to Manager of the Plan of the Issuance of Policy.

When premium payment has been received and the designated insurer has actually issued a policy, the carrier shall immediately notify the Manager that it has actually issued a policy, and shall furnish the Manager with the policy number, effective date of such policy, and the amount of premium collected.

In the event of any changes involving additional or return premium for policies issued under this Plan, the carrier should notify the Manager of the amount of such additional or return premium.

If at the end of the fifteen-day period or such further reasonable period as the designated insurer may allow the applicant, coverage is not accepted by the applicant, the designated insurer shall notify the Manager of this fact.

Subscription price, Five Dollars per Annum in Advance. Single Copies, Fifteen Cents.

Entered as Second-Class Matter, May 2, 1882. Postpaid at Special Rate of \$3.00 per Annum.

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ARTICLE VIII - ADMINISTRATION (Cont'd.)

Sec. 88. Notification to Manager of the Plan of the Issuance of Policy (cont'd.)

(These Notifications to the Manager of the Plan are necessary in order that he, as Administrator of the Plan, may have an accurate record of the risks actually assigned to carriers for which such carriers have actually issued policies, and will thus be able to distribute future assigned risks in equitable proportion to insurer's respective premium volumes.)

Sec. 89. Amendments to Plan⁽¹⁾

The Commissioner of Insurance may after consultation with the insurers make reasonable amendments to this Plan.

(1) This section is not found in most of the other plans and is an exception to the Old Style Plan.

APPENDIX B

THIS PLAN IS A VOLUNTARY AGREEMENT FOR GRANTING AUTOMOBILE BODILY INJURY AND PROPERTY DAMAGE LIABILITY INSURANCE TO RISKS UNABLE TO SECURE IT FOR THEMSELVES.

Sec. 1. Purposes of Plan.

The purposes of the Plan are:

- (a) To make automobile bodily injury and property damage liability insurance available subject to the conditions hereinafter stated.
- (b) To establish a procedure for the equitable distribution of risks assigned to insurance companies.

Sec. 2. Effective Date.

The Plan shall become effective when all carriers writing direct automobile bodily injury liability insurance in the State have subscribed thereto.

Sec. 3. Non-Residents.

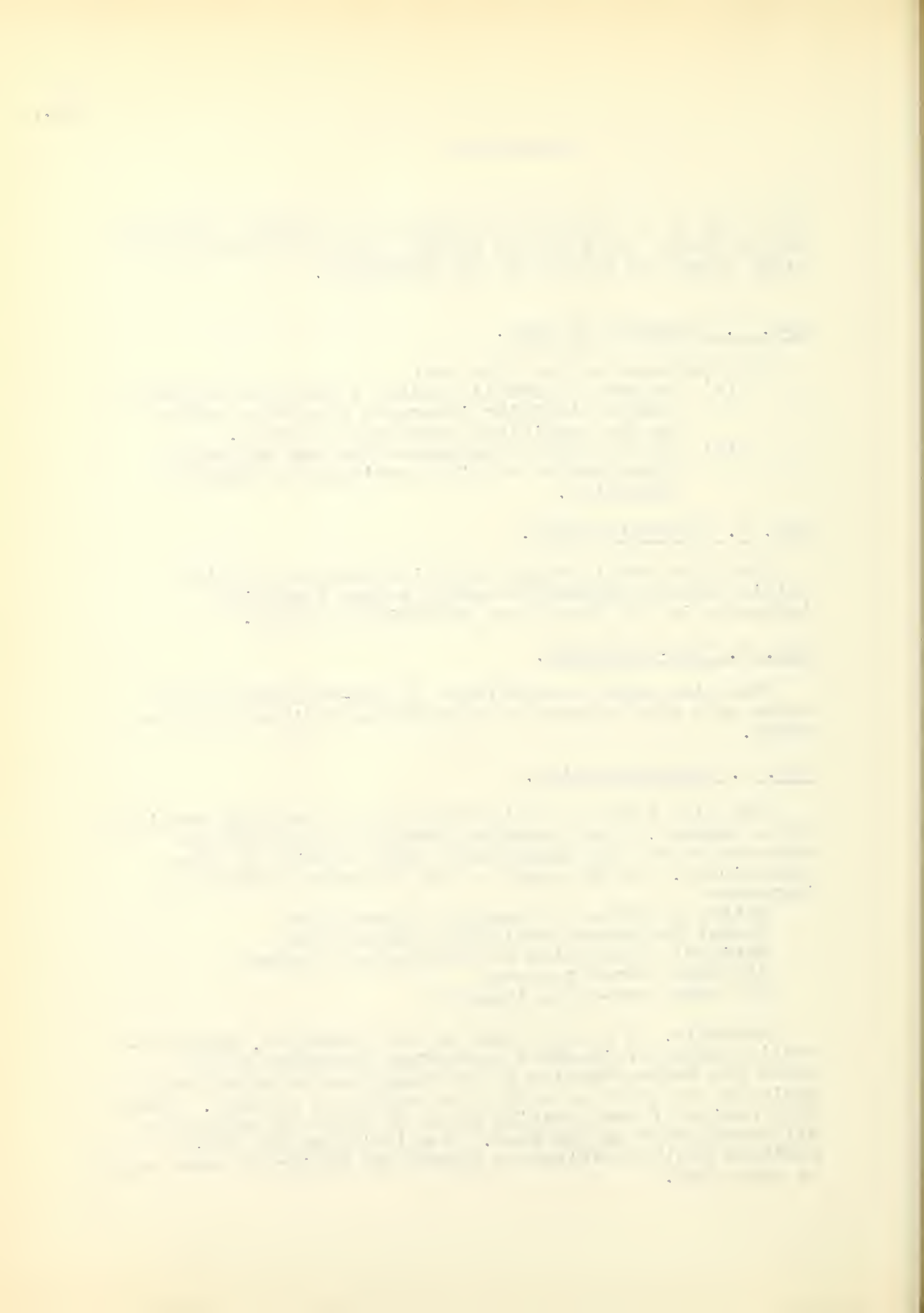
The Plan shall be available to non-residents of the State only with respect to automobiles registered in the State.

Sec. 4. Administration.

The Plan shall be administered by a Governing Committee and a Manager. The Governing Committee (hereinafter referred to as "the Committee") shall consist of five subscribers, one from each of the following classes of insurers:

- National Bureau of Casualty Underwriters
- Mutual Insurance Statistical Association
- National Association of Independent Insurers
- All other stock insurers
- All other non-stock insurers

Annually, on a date fixed by the Committee, each respective group of insurers heretofore described shall elect its representative to the Committee to serve for a period of one year or until a successor is elected. Twenty days notice of such meeting shall be given in writing to all subscribers to the Plan. A majority of the subscribers shall constitute a quorum and voting by proxy shall be permitted.



Sec. 5. Duties of Governing Committee.

The Committee shall meet as often as may be required to perform the general duties of administration of the Plan. Three members of the Committee shall constitute a quorum.

The Committee shall be empowered to appoint a Manager, budget expenses, levy assessments, disburse funds and perform all duties essential to the proper administration of the Plan.

The Committee shall furnish to all subscribers to the Plan, a written report of operations annually in such form and detail as the Committee may determine.

Sec. 6. Distribution and Assignment of Risks.

The Manager shall distribute, on the basis of premium, the risks which are eligible for coverage under the Plan as far as practicable, to insurers in proportion to their respective net direct automobile bodily injury premium writings with due regard to exclusions under reinsurance agreements, treaties or contracts filed in writing with the Manager.

- (a) Risks of less than five cars of all classes other than (1) buses, (2) interstate truckmen subject to Interstate Commerce Commission regulation and (3) motor vehicles of truckmen operating beyond a radius of 150 miles from the limits of the city or town of principal garaging, shall be assigned to all carriers.
- (b) Risks involving (1) buses, (2) interstate truckmen subject to Interstate Commerce Commission regulation, (3) motor vehicles of truckmen operating beyond a radius of 150 miles from the limits of the city or town of principal garaging, and (4) risks of five or more public automobiles of all types, shall be assigned to those companies which are writing, or are willing to write, such risks at the time of subscription to this plan, with due notice to the manager to that effect. Assignment of these risks shall be made with due regard to the state insurance licenses held by the company.
- (c) As respects all public automobiles, and truckmen described in (2) and (3) of paragraph (b) above, for every dollar of premium for such vehicles assigned, the company shall be credited \$2.00 of premium under the plan of distribution.
- (d) Risks involving more than one car of any class may be assigned to more than one subscriber when necessary. However, a subscriber shall not be required to accept an assignment of more than one unit of a given risk.

Sec. 6. Distribution and Assignment of Risks. (cont'd.)

For assignment of risks during the 12 months beginning July 1 of each year the Manager shall use the net direct automobile bodily injury premiums in the State for the calendar year ending December 31 immediately preceding. Net direct premium writings shall mean gross direct premiums including policy and membership fees less return premiums and premiums on policies not taken - without including reinsurance assumed and without deducting reinsurance ceded.

Sec. 7. Cost of Administration.

Each subscriber to the Plan shall pay a minimum annual fee of \$5.00 and all expenses incurred in excess of the minimum fees shall be apportioned to all subscribers in such proportion as their net direct automobile bodily injury premium writings in the State bears to the total of such premium writings in the State of all subscribers during the calendar year.

Sec. 8. Convictions.

The term "conviction" wherever used in this Plan shall be deemed to include a forfeiture of bail.

Sec. 9. Eligibility.

As a prerequisite to consideration for assignment under the Plan, an applicant must certify, in the prescribed application form, that he has attempted, within 60 days prior to the date of application, to obtain automobile bodily injury and property damage, liability insurance in the State and that he has been unable to obtain such insurance.

An applicant so certifying shall be considered for assignment upon making application in good faith to the Plan. An applicant shall be considered in good faith if he reports all information of a material nature, and does not wilfully make incorrect or misleading statements, in the prescribed application form, or does not come within any of the prohibitions or exclusions listed below.

A risk shall not be entitled to insurance nor shall any subscriber be required to afford or continue insurance under the following circumstances:

- (A) If the applicant is engaged in an illegal enterprise, or has been convicted of any felony during the immediately preceding thirty-six months or habitually disregards local or state laws as evidenced by two or more non-motor vehicle convictions during the

Sec. 9. Eligibility. (cont'd.)

- immediately preceding thirty-six months.
- (B) When during the immediately preceding thirty-six months the applicant or anyone who usually drives the automobile has been convicted or forfeited bail more than once for any one, or once each for two or more of the following offenses.
1. Driving a motor vehicle while under the influence of intoxicating liquor or narcotic drugs.
 2. Failing to stop and report when involved in an accident.
 3. Homicide or assault arising out of the operation of a motor vehicle.
 4. Driving a motor vehicle at an excessive rate of speed where injury to person or damage to property results therefrom.
 5. Driving a motor vehicle in a reckless manner where injury to person or damage to property results therefrom.
 6. Operating during period of revocation or suspension of registration or license.
 7. Operating a motor vehicle without state or owner's authority.
 8. Loaning operator's license to an unlicensed operator.
 9. The making of false statements in the application for license or registration.
 10. Impersonating an applicant for license or registration, or procuring a license or registration through impersonation whether for himself or another.
- (C) When the applicant or anyone who usually drives the automobile has intentionally registered a motor vehicle in the State illegally during the immediately preceding twelve months.
- (D) When the applicant or anyone who usually drives the automobile has failed to meet all obligations to pay automobile bodily injury and property damage liability insurance premiums contracted during the immediately preceding twelve months.
- (E) If the applicant or anyone who usually drives the automobile is subject to epilepsy.

The carrier to which a risk is assigned shall not be required to afford insurance if the condition of the applicant's automobile is such as to endanger public safety, except that the carrier shall afford insurance provided the applicant makes such repairs to his automobile as may reasonably be required.

CHAPTER I. THE DISCOVERY OF AMERICA

IN 1492, CHRISTOPHER COLUMBUS, an Italian navigator, sailed from Spain in search of a westward route to the Indies. He discovered the continent of America on October 12, 1492.

His voyage was the first of many that led to the discovery of the New World.

After his return to Spain, Columbus was rewarded for his discovery.

His discovery opened the way for European exploration and settlement.

The discovery of America was a great event in the history of the world.

It led to the discovery of many other parts of the world.

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Sec. 9. Eligibility. (cont'd.)

Risks with physical disabilities involving heart ailments or mental or nerve illnesses shall be subject to investigation and shall submit for consideration of the Committee satisfactory certificates from at least two qualified doctors giving their diagnosis of such disabilities or their opinions with regard to the likelihood of such disabilities interfering with the risk's safe operation of an automobile.

Sec. 10. Extent of coverage.

No subscriber shall be required to write a policy for limits in excess of the minimum limits required by law. If no such limits are applicable no subscriber shall be required to write a policy for limits in excess of basic limits of \$5,000/\$10,000 bodily injury for \$5,000 property damage.

The subscriber to which the risk is assigned shall make such filings of policies and certificates as may be required by law.

Sec. 11. Application for Assignment.

The application for insurance under the Plan must be submitted to the Manager on a prescribed form in duplicate accompanied by an investigation fee of \$5.00 per car subject to a maximum of \$50. per risk. Checks or money orders shall be made payable to the (Name of State) Automobile Assigned Risk Plan. The investigation fee shall be credited against the premium if the risk is assigned and accepted and the applicant pays the balance of the premium in accordance with the terms of the Plan. If the applicant fails to pay the balance of the premium, the fee is not returnable. If the risk is ineligible for assignment, the fee shall be returnable.

Sec. 12. Designation of Carrier.

Upon receipt of the application for insurance properly completed, the Manager shall designate a carrier to which the risk shall be assigned and shall so advise the applicant and the producer of record. The Manager shall forward to the designated carrier the original copy of the application form and the investigation fee.

Sec. 13. Three Year Assignment Period.

A risk shall not be assigned to a designated carrier for a period in excess of 3 consecutive years. If a risk is unable to obtain insurance for itself at the end of the

Sec. 13. Three Year Assignment Period (cont'd.)

3 year period, reapplication for insurance may be made to the Plan. Such reapplication shall be considered as a new application.

Sec. 14. Carrier's Notice to Applicant.

(A) ORIGINAL POLICY - Within 15 days after receipt of notice of designation from the Manager, the designated carrier shall notify the applicant that

(a) A policy will be issued provided the premium stipulated by such carrier is received within 15 days or within such further reasonable period as the carrier may agree to, such policy to become effective 12:01 A.M. on the day following the day on which such premium is received by the carrier, or

(b) A policy will not be issued for the reason that the applicant is not entitled to insurance under the Plan.

Where notice of designation from the Manager involves a public automobile or truckmen risk, required by law to furnish evidence of insurance as a prerequisite for operating, which risk immediately prior to its application to the Plan had been insured in a carrier whose authority to do business has been terminated because of insolvency, the designated carrier, notwithstanding other provisions of this section, shall immediately give notice to the applicant that a policy will be issued provided the premium stipulated by such carrier is received within 15 days or within such further reasonable period and upon such terms as the carrier may agree to, such policy become effective 12:01 A.M. on the day following the day on which such premium is received by the carrier, or that a policy will not be issued for the reason that the applicant is not entitled to insurance under the Plan.

A copy of each notice of acceptance or rejection of an assignment shall be furnished the producer of record. In the event the carrier rejects the assignment the reason supporting such action together with copy of said notice shall be filed with the Commissioner of Insurance of the State and the Manager.

If the Governing Committee finds that any carrier, without good cause, is not complying with the provisions of this Section it shall notify the Commissioner of Insurance.

(B) FIRST AND SECOND RENEWAL POLICIES - At least 45 days prior to the inception date of the first and second renewal policies the designated carrier shall notify the applicant that

(a) A renewal policy will be issued provided the renewal premium stipulated by such carrier is

The first part of the paper is devoted to a general discussion of the problem of the origin of life. It is shown that the problem is one of the most important and most difficult in the history of science. The author then proceeds to a detailed examination of the various theories which have been proposed to explain the origin of life. He discusses the theory of spontaneous generation, the theory of biogenesis, and the theory of abiogenesis. He also discusses the theory of the origin of life from non-living matter, and the theory of the origin of life from living matter. The author concludes that the theory of abiogenesis is the most plausible of the theories which have been proposed. He also discusses the possibility of the origin of life on other planets, and the possibility of the origin of life from extraterrestrial matter. The paper is a valuable contribution to the history of science, and it is a must-read for anyone who is interested in the origin of life.

Sec. 14. Carrier's Notice to Applicant. (cont'd.)

received at least 15 days prior to the inception date of such policy, or

- (b) A renewal policy will not be issued for the reason that the applicant is not entitled to insurance under the Plan.

A copy of such notice shall be filed with the producer of record. In the event the carrier will not issue a renewal policy the reason supporting such action together with copy of said notice shall be filed with the Commissioner of Insurance of the State and the Manager.

(C) THIRD RENEWAL - At least 45 days prior to the expiration date of the second renewal policy the carrier shall notify the risk that the period of assignment under the Plan will terminate on said expiration date.

A copy of such notice shall be sent to the producer of record.

Sec. 15. Carrier's Notice to Manager.

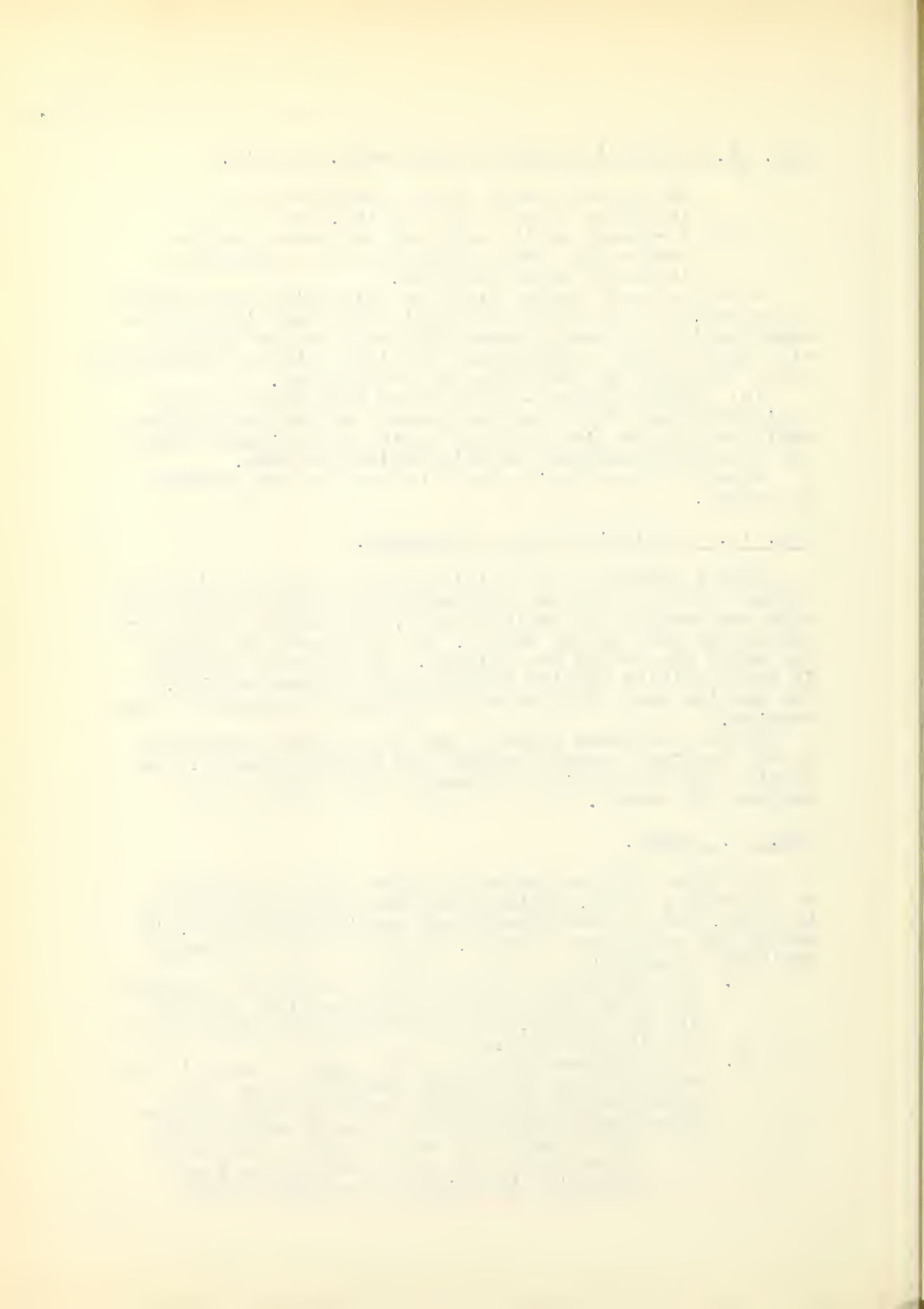
Upon issuance of the original policy and the first and second renewal policies the designated carrier shall file with the Manager the policy number, the effective date and expiration date of the policy, and the amount of premium for which the policy was written. In the event changes in such policies involve additional or return premium, the carrier shall file with the Manager the amount of such premium.

If the applicant fails to pay the premium stipulated by the carrier, thereby refusing to accept coverage, the carrier shall so notify the Manager with copy to the producer of record.

Sec. 16. Rates.

All risks assigned under the Plan shall be subject to the rules, rates, minimum premiums and classifications in force, and to the rating plans applicable thereto, in use by the designated carrier, subject to the following additional charges:

1. An additional charge of 10% for public passenger carrying and long haul trucking risks and 15% for all others, for all risks which do not come within (2) below.
2. An additional charge of 25% shall be made if the applicant or any one who usually drives the motor vehicle has during the thirty-six months immediately preceding the date of application
 - (a) been involved as an operator or an owner in more than one motor vehicle accident resulting in injury to or death of any



Sec. 16. Rates. (cont'd.)

- other person or damage to property of another.
- (b) been convicted of any of the violations specified in Paragraph B of Section 9 of this Plan.
 - (c) been convicted more than once of any violation of the Motor Vehicle Code other than specified in Paragraph B of Section 9 of this Plan and other than convictions for parking.
 - (d) been involved as an owner or operator in a motor vehicle accident as a result of which he has been required to furnish proof of financial responsibility under a Financial Responsibility Law, or
 - (e) been required under a Financial Responsibility Law to furnish proof of financial responsibility for any reason other than having been involved in a motor vehicle accident.

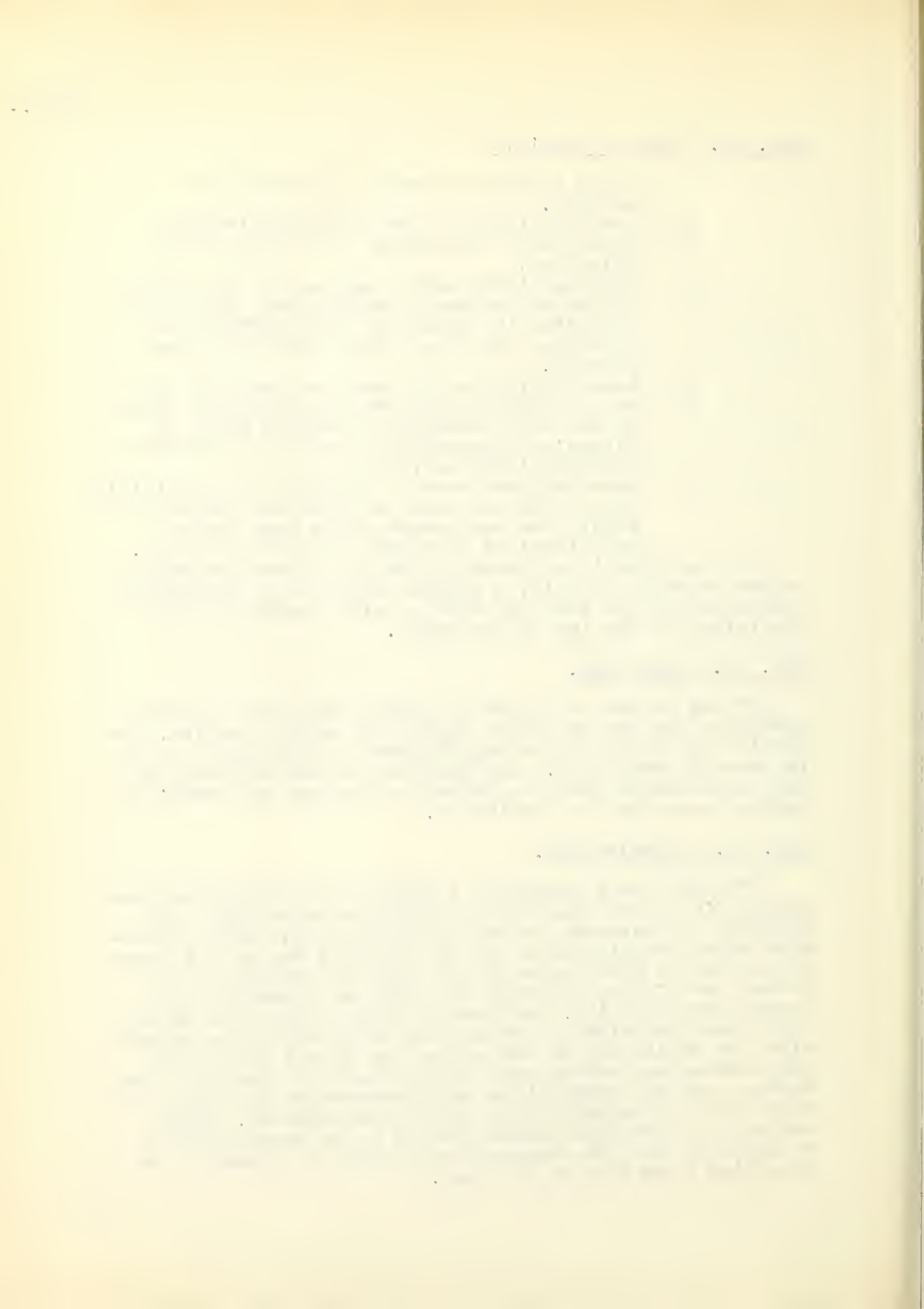
If a carrier is assigned a risk in a class for which he has no rates on file, a carrier may file or promulgate a reasonable rate for such risk or class subject to the provisions of the law of the State.

Sec. 17. Surcharge.

If the hazard of a risk is greater than that contemplated by the rate normally applicable under the Plan, the carrier may apply to the Commissioner of Insurance for an increase in such rate. Any increase in rate approved by the Commissioner shall be deemed to include the additional charges contained in Section 16.

Sec. 18. Cancellations.

If after the issuance of a policy it develops that the insured is not or ceases to be eligible or in good faith entitled to insurance or has failed to comply with reasonable safety requirements, or has violated any of the terms or conditions upon the basis of which the insurance was issued, or if the insurance was obtained through fraud or misrepresentation, the carrier which issued the policy shall have the right to cancel the insurance in accordance with the conditions of the policy but in all such cases the reasons supporting such action shall be filed with the Manager and the Commissioner of Insurance of the State ten days prior to the effective date of cancelation. Such notice of cancelation shall contain or be accompanied by a statement that the insured has a right of appeal to the Governing Committee of the Plan.



Sec. 18. Cancellations. (cont'd.)

If default occurs in the payment of premium upon any policy subject to interim adjustment, such policy shall automatically be subject to cancellation in accordance with the required notice as provided in the policy. A statement of the facts in support of such action shall be furnished the Manager and the Commissioner of Insurance of the State within ten days after the effective date of cancellation.

A copy of each such cancellation notice shall be furnished to the producer of record.

Sec. 19. Right of Appeal.

An applicant denied insurance or an insured given notice of cancellation of insurance, under the Plan may appeal such action to the Committee. A subscriber to the Plan shall also have the right of appeal to the Committee.

The action of the Committee may be appealed to the Commissioner of Insurance of the State.

Sec. 20. Re-Eligibility.

An applicant denied insurance under the plan after appeal to the Committee shall not be eligible to reapply for assignment until 12 months after the date of the application. An assigned risk canceled under the provisions of the Plan shall not be eligible to reapply for assignment until 12 months after effective date of cancellation.

Unless other arrangements have been made with the Commissioner of Insurance, the commission and field supervision allowances under the Plan shall be allocated as follows:

- (a) For long haul trucking risks and public passenger carrying vehicles, 5% of the policy premium for commission to a licensed producer designated by the insured, and $2\frac{1}{2}\%$ of the policy premium for field supervision to the carrier or its licensed agent.
- (b) For other risks, 10% of the policy premium for commission to a licensed producer designated by the insured, and $2\frac{1}{2}\%$ of the policy premium for field supervision allowance to the carrier or to its licensed agent.

Sec. 22. Re-Certification of Operator's License of Applicant or Principal Operator of the Motor Vehicle.

If the designated carrier after investigation of the experience, physical or other conditions of any risk applying for coverage under this Plan, believes that

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Sec. 22. Re-Certification of Operator's License of
Applicant or Principal Operator of the Motor Vehicle. (cont'd.)

reasonable doubt exists as to whether such applicant should continue to be licensed to operate a motor vehicle in this State, such carrier to whom the risk has been assigned may request the Commissioner, Motor Vehicle Division to re-certify the ability of such applicant to continue to hold an operator's license; such applicant will not be eligible under this Plan until and unless the applicant is re-certified by the Commissioner, Motor Vehicle Division as competent to hold and use an operator's license, either by a driving test or such other means as the Commissioner, Motor Vehicle Division may require.

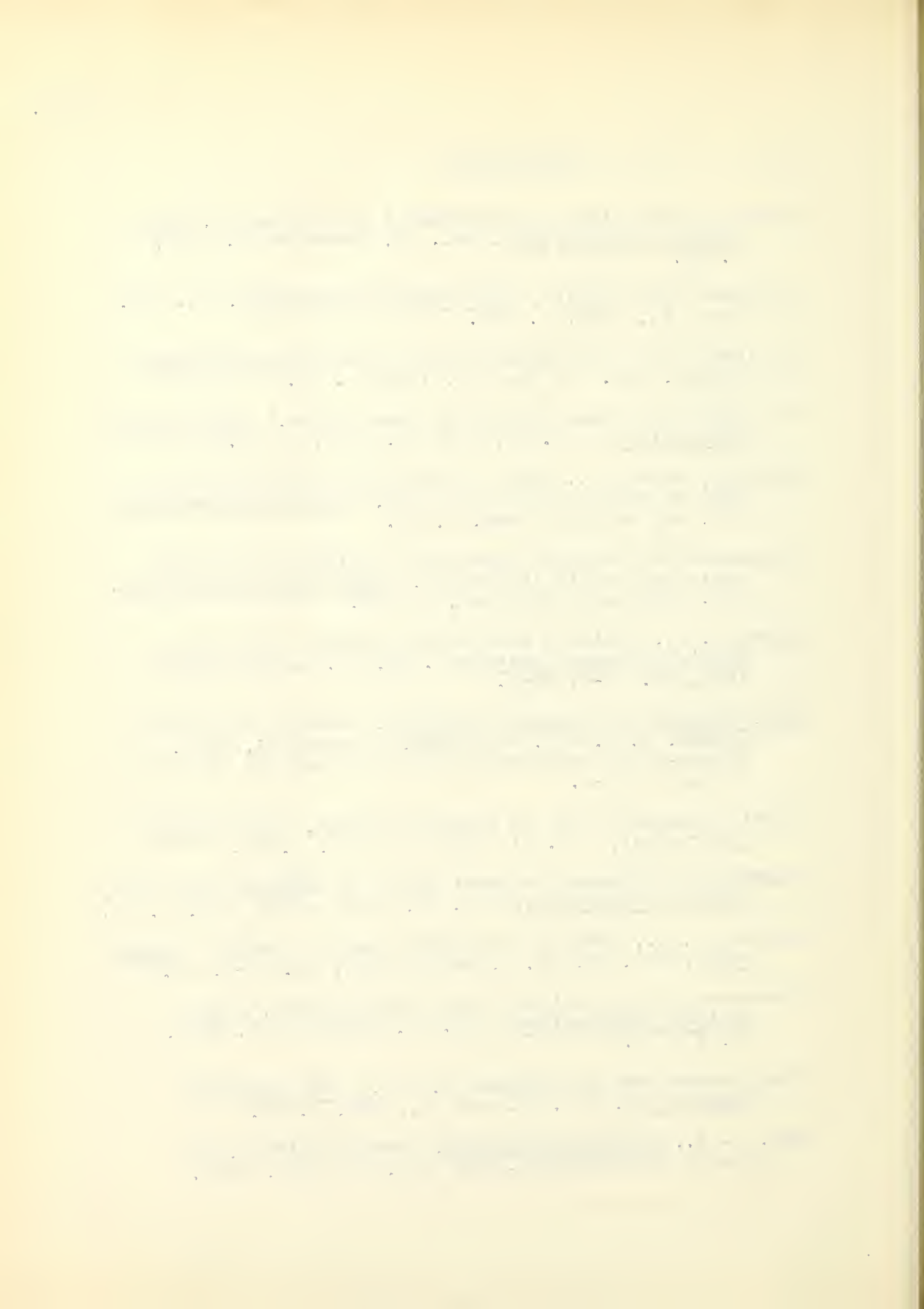
As respects all eligible Assigned Risks who are required to file evidence of Financial Responsibility in order to retain or regain their operator's license or motor vehicle registration, designated insurers under this Plan must issue policies of insurance and give same to the applicant upon payment of the required premium, in accordance with the provisions of this Plan before filing any request for re-certification of such applicant by the Commissioner, Motor Vehicle Division.

Requests for re-certification must be made on a standard form agreed to as satisfactory by the Commissioner of the Motor Vehicle Division. The form must be prepared in triplicate: the original sent to the Commissioner of the Motor Vehicle Division, with duplicate copy sent to the Manager of the Plan.



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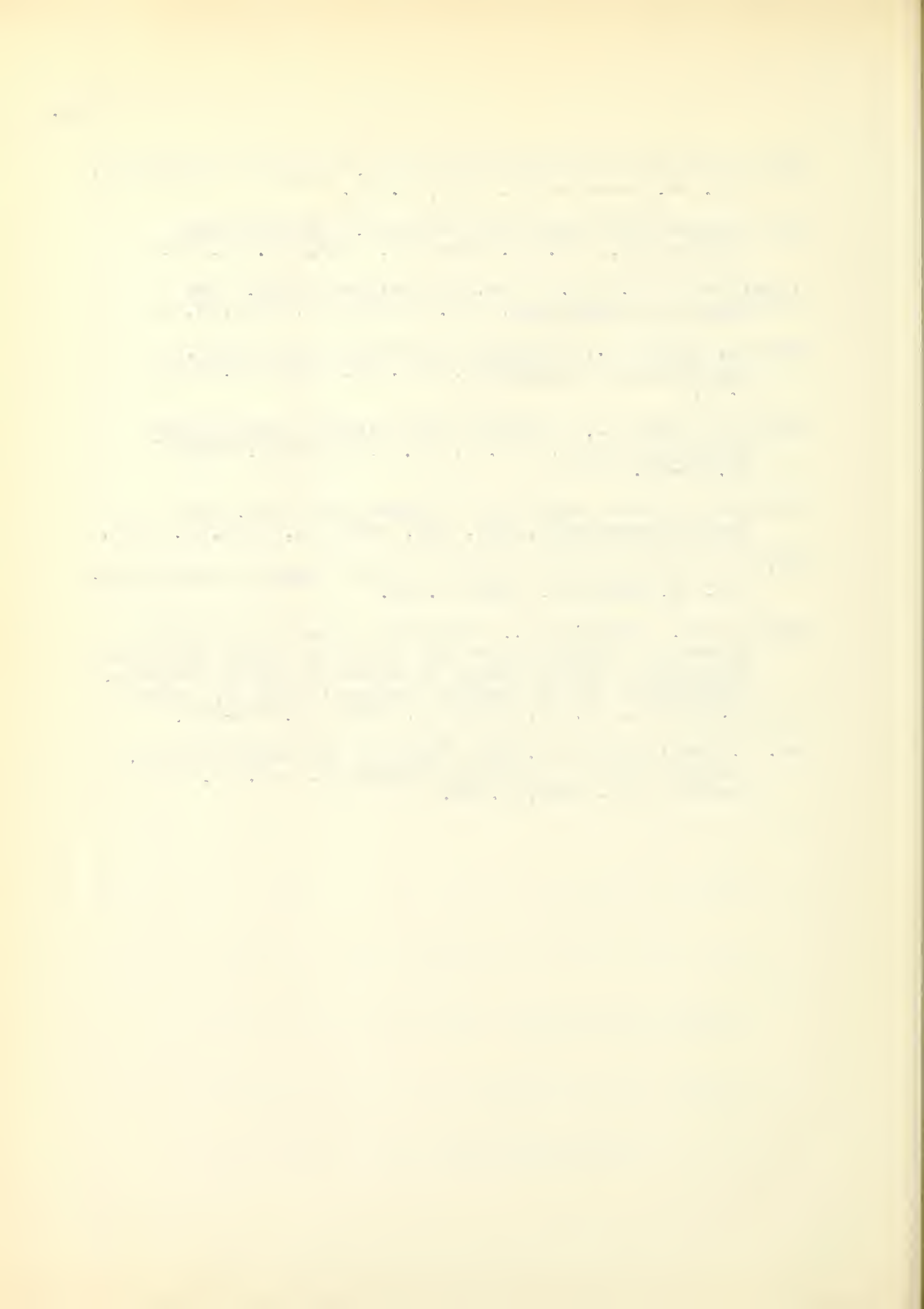
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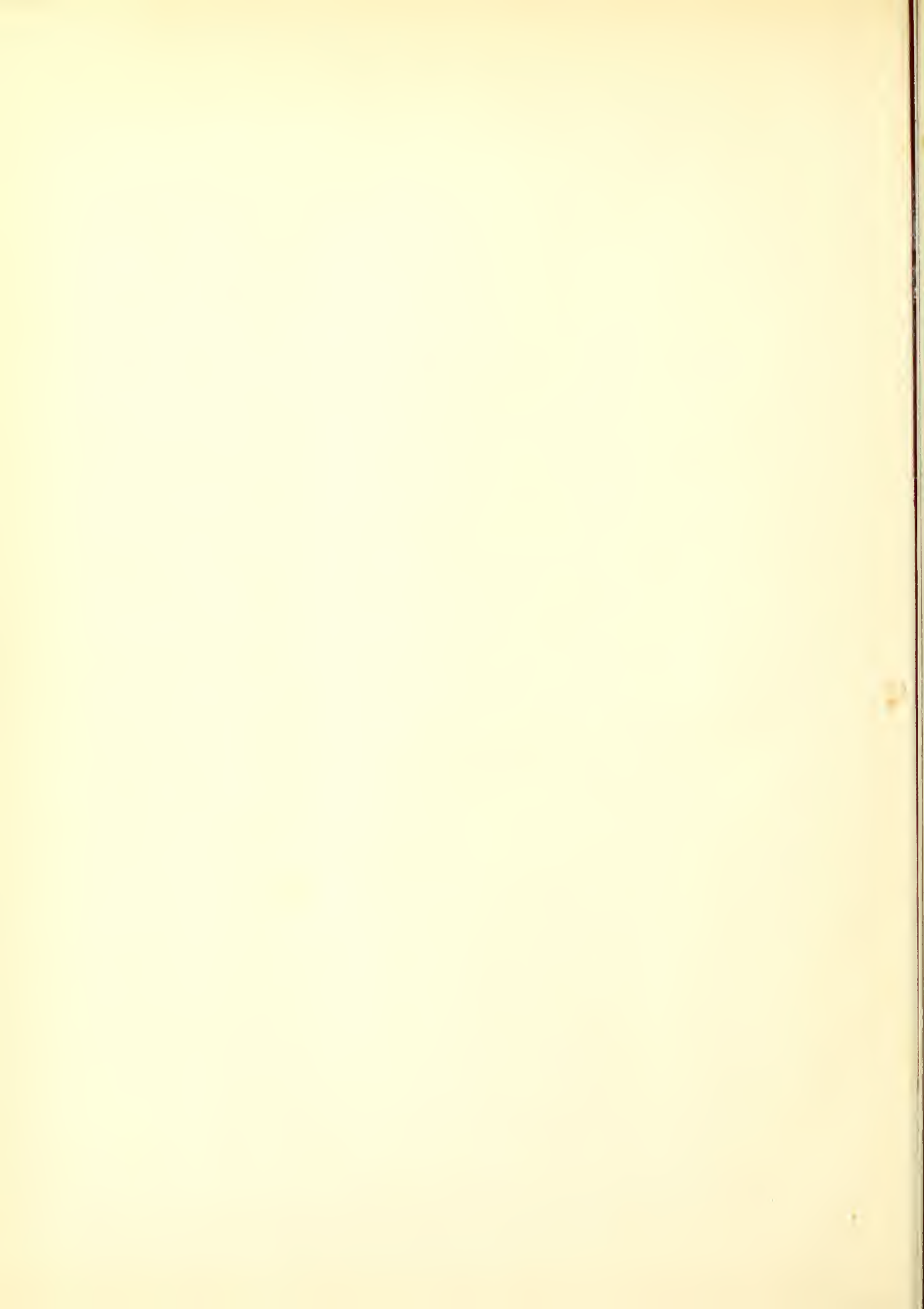
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Copies of the Automobile Assigned Risk Plans of the following states which are distributed, with the exception of the Massachusetts Plan, by the National Bureau of Casualty Underwriters, New York, New York:

Alabama	Nebraska
Arkansas	New Hampshire
California	New Jersey
Colorado	New Mexico
Connecticut	New York
Delaware ⁹	North Carolina
Florida	North Dakota
Georgia	Ohio
Idaho	Oregon
Illinois	Pennsylvania
Indiana	Rhode Island
Iowa	South Carolina
Kentucky	Tennessee
Louisiana	Utah
Maine	Vermont
Maryland	Virginia
Massachusetts	Washington
Michigan	West Virginia
Minnesota	Wisconsin
Mississippi	Wyoming
Missouri	







* 309.5
E15
2.1

Elliott James F.		*368.6
Auto Assigned Risk Plans		E15 c.1
DATE	ISSUED TO	
7 '53	John O. Sullivan CBA	
2	Turner	
11.2.53	P. J. Turner	

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